

FOREST PARK SCHOOL DISTRICT

**Financial Report
with Supplemental Information
Prepared in Accordance with GASB 34**

June 30, 2008

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	4
ADMINISTRATION'S DISCUSSION AND ANALYSIS	7
BASIC FINANCIAL STATEMENTS	22
STATEMENT OF NET ASSETS	23
STATEMENT OF ACTIVITIES.....	24
BALANCE SHEET – GOVERNMENTAL FUNDS	25
RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO STATEMENT OF NET ASSETS	27
GOVERNMENTAL FUNDS - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES	28
GOVERNMENTAL FUNDS - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES.....	30
STATEMENT OF FIDUCIARY NET ASSETS	31
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS.....	32
NOTES TO THE FINANCIAL STATEMENTS	33
REQUIRED SUPPLEMENTAL INFORMATION.....	97
BUDGETARY COMPARISON SCHEDULE – GENERAL OPERATING FUNDS	98
OTHER SUPPLEMENTAL INFORMATION.....	99
COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS.....	100
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS.....	101
ALL GENERAL OPERATING FUNDS – COMBINING BALANCE SHEET	102
ALL GENERAL OPERATING FUNDS - COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES.....	103
SPECIAL REVENUE FUNDS – COMBINING BALANCE SHEET	104
SPECIAL REVENUE FUNDS - COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES.....	105
GENERAL FUND – COMPARATIVE BALANCE SHEET	106
GENERAL FUND – SUPPLEMENTAL SCHEDULE OF REVENUES – ACTUAL COMPARED TO BUDGET	107
GENERAL FUND – SUPPLEMENTAL SCHEDULE OF EXPENDITURES – ACTUAL COMPARED TO BUDGET	109
COMMUNITY SCHOOLS FUND - COMPARATIVE BALANCE SHEET.....	116
COMMUNITY SCHOOLS FUND - STATEMENT OF REVENUES – ACTUAL COMPARED TO BUDGET	117
COMMUNITY SCHOOLS FUND - STATEMENT OF EXPENDITURES – ACTUAL COMPARED TO BUDGET	118

TABLE OF CONTENTS
(Continued)

	<u>Page</u>
OTHER SUPPLEMENTAL INFORMATION (Continued)	
SPECIAL REVENUE FUND – FOOD SERVICE – COMPARATIVE BALANCE SHEET	120
SPECIAL REVENUE FUND – FOOD SERVICE - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -ACTUAL COMPARED TO BUDGET	121
SPECIAL REVENUE FUND – INTERSCHOLASTIC ATHLETIC FUND - COMPARATIVE BALANCE SHEET	122
SPECIAL REVENUE FUND – INTERSCHOLASTIC ATHLETIC FUND -STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - ACTUAL COMPARED TO BUDGET	123
DEBT RETIREMENT FUND - COMPARATIVE BALANCE SHEET	124
DEBT RETIREMENT FUND - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE	125
CAPITAL PROJECTS FUND - COMPARATIVE BALANCE SHEET	126
CAPITAL PROJECTS FUND - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE	127
TRUST AND AGENCY FUND - STATEMENT OF CHANGES IN ASSETS, LIABILITIES, AND FUND BALANCE.....	128
AGENCY FUNDS – STATEMENT OF RECEIPTS AND DISBURSEMENTS	129
PROPERTY TAX DATA.....	130
 INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	
SCHEDULE OF FINDINGS AND RESPONSES.....	131
	134

INDEPENDENT AUDITOR'S REPORT

DS Rostagno, CPA, P.C.

***101 West Maple Street, Iron River, MI 49935
Tel (906) 265-1040 Fax (906) 265-1042***

Board of Education
Forest Park School District
801 Forest Parkway
Crystal Falls, Michigan 49920

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Forest Park School District**, Crystal Falls, Michigan, as of and for the year ended June 30, 2008, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the **Forest Park School District**, Crystal Falls, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

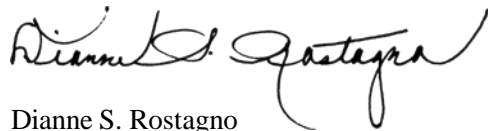
We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States of America, and with the standards prescribed by the State Treasurer. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Board of Education, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the **Forest Park School District**, Crystal Falls, Michigan, as of June 30, 2008, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2008, on our consideration of the **Forest Park School District**, Crystal Falls, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide opinions on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 8 through 21, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinions on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **Forest Park School District**, Crystal Falls, Michigan's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Dianne S. Rostagno". The signature is fluid and cursive, with the last name "Rostagno" being more prominent.

Dianne S. Rostagno
DS ROSTAGNO, CPA, P.C.

September 22, 2008

ADMINISTRATION'S DISCUSSION AND ANALYSIS

Forest Park School District

801 Forest Parkway . Crystal Falls, Michigan 49920-11999

Phone: (906) 875-6761 Fax: (906) 875-4660

Administration's Discussion and Analysis

For the Fiscal Year Ended June 30, 2008

The **Forest Park School District** is a K-12 school district located in Iron County, Michigan. The Administration's Discussion and Analysis, a requirement of GASB 34, is intended to be the **Forest Park School District's** discussion and analysis of the financial results for the fiscal year ended June 30, 2008.

Generally accepted accounting principles (GAAP), according to GASB 34, requires the reporting of two types of financial statements: District Wide Financial Statements and Fund Financial Statements.

Fund Financial Statements

The fund level financial statements are reported on a modified accrual basis. Only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent that they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual". In the State of Michigan, the District's major instructional and non- instructional support activities are reported in the General Fund. Additional activities are reported in the relevant funds, including Debt Service, Capital Projects, and the School Service Funds, which are comprised of Food Service and Athletics.

In the fund financial statements, purchased capital assets are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term debt obligations are recorded as expenditures. Future years' debt obligations are not recorded.

District-wide Financial Statements

The *District-wide Financial Statements* are full accrual basis statements. They report all of the District's assets and liabilities, both short and long-term, regardless if they are "currently available" or not. For example, assets that are restricted for use in the Debt Service Fund solely for the payment of long-term principal or interest are grouped with unrestricted assets of the General Fund. Capital assets and long-term obligations of the District are reported in the Statement of Net Assets on the *District-wide Financial Statements*.

The School District as Trustee - Reporting the School District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for its student activity and private purpose trust funds. All of the School District's fiduciary activities are reported in separate statements of fiduciary net assets. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Forest Park School District

801 Forest Parkway . Crystal Falls, Michigan 49920-11999

Phone: (906) 875-6761 Fax: (906) 875-4660

Administration's Discussion and Analysis For the Fiscal Year Ended June 30, 2008

Summary of Net Assets:

The following summarizes the net assets at fiscal years ended June 30, 2008 and June 30, 2007:

NET ASSETS SUMMARY

June 30, 2008

Assets

Current Assets \$ 814350

Capital Assets 13609127

Less: Accumulated Depreciation (4720863)

Capital assets, net book value 8888264

Total Assets \$ 9702614

Liabilities

Current Liabilities 886611

Long-term Liabilities 3894425

Total Liabilities 4781036

Net Assets

Investment in capital assets, net of related debt 4707044

Reserved for Food Service 18873

Reserved for Athletics 4067

Reserved for Debt Service 245896

Reserved for Capital Projects 11556

Reserved for Community Schools 9266

Unreserved and Undesignated (75124)

Total Net Assets 4921578

Total Liabilities and Net Assets \$ 9702614

Forest Park School District

801 Forest Parkway . Crystal Falls, Michigan 49920-11999

Phone: (906) 875-6761 Fax: (906) 875-4660

Administration's Discussion and Analysis For the Fiscal Year Ended June 30, 2008

Summary of Net Assets: (Continued)

	<u>June 30, 2007</u>
<u>NET ASSETS SUMMARY</u>	
Assets	
Current Assets	\$ 876190
Capital Assets	13524188
Less: Accumulated Depreciation	<u>(4365886)</u>
Capital assets, net book value	9158302
Total Assets	\$ 10034492
Liabilities	
Current Liabilities	862230
Long-term Liabilities	<u>4509775</u>
Total Liabilities	5372005
Net Assets	
Investment in capital assets, net of related debt	4522981
Reserved for Food Service	31005
Reserved for Athletics	5683
Reserved for Debt Service	219603
Reserved for Capital Projects	1607
Reserved for Future Operations (GF)	279813
Unreserved and Undesignated	<u>(398205)</u>
Total Net Assets	4662487
Total Liabilities and Net Assets	\$ <u>10034492</u>

Analysis of Financial Position

During fiscal year ended June 30, 2008, the District's net assets increased by \$ 259,091.

Forest Park School District

801 Forest Parkway . Crystal Falls, Michigan 49920-11999

Phone: (906) 875-6761 Fax: (906) 875-4660

Administration's Discussion and Analysis For the Fiscal Year Ended June 30, 2008

Analysis of Financial Position (Continued)

A. General Operating Funds

The District's expenditures from the General Operating Funds exceeded revenues (after transfers out) by \$140,396. General Operating Fund revenues increased by \$ 50,677 from the last fiscal year, while General Operating Fund expenditures increased by \$103,756 from the prior year.

B. Debt, Principal Payments

The District made principal payments on bonded and other long-term debt obligations that reduced the amount of the District's long-term liabilities as follows:

	Principal Balance <u>6/30/07</u>	<u>Additions</u>	Principal Payments <u>6/30/08</u>	Principal Balance <u>6/30/08</u>
2005 Refunding Bonds	\$ 4415000	\$ -0-	\$ 390000	\$ 4025000
Bus Garage Loan	94171	-0-	37484	56687
M-TEC Loan	21134	-0-	11342	9792
Durant Resolution Bonds	30757	-0-	-0-	30757
Bus Loan	74259	-0-	15276	58983
Long-term Employee Benefits	295149	-0-	226248	68901
Retirement Incentive	<u>121681</u>	<u>115000</u>	<u>81681</u>	<u>155000</u>
Totals	\$ 5052151	\$ 115000	\$ 762031	\$ 4405120

Forest Park School District

801 Forest Parkway . Crystal Falls, Michigan 49920-11999

Phone: (906) 875-6761 Fax: (906) 875-4660

Administration's Discussion and Analysis For the Fiscal Year Ended June 30, 2008

Analysis of Financial Position (Continued)

C. Net Investment in Capital Assets

The District's net investment in capital assets is as follows:

	<u>Balance</u> <u>6/30/07</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/08</u>
Capital Assets	\$ 13524188	\$ 84939	\$ 0	\$ 13609127
Less: Accumulated Depreciation	<u>(4365886)</u>	<u>(354977)</u>	<u>0</u>	<u>(4720863)</u>
Net Investment in Capital Assets	\$ 9158302	\$ (270038)	\$ 0	\$ 8888264

Results of Operations:

For the fiscal years ended June 30, 2008 and 2007, the comparative District-wide results of operations were as follows:

	<u>June 30, 2008</u>
Revenues	
<i>General Revenues</i>	
Property taxes, levied for general operations	\$ 2182340
Property taxes, levied for debt service	608267
Other taxes	0
State Aid, Unrestricted	2122000
Interest and Investment Earnings	14183
Other general revenues	<u>107858</u>
Total General Revenues	\$ 5034648

Forest Park School District

801 Forest Parkway . Crystal Falls, Michigan 49920-11999

Phone: (906) 875-6761 Fax: (906) 875-4660

Administration's Discussion and Analysis For the Fiscal Year Ended June 30, 2008

Results of Operations: (Continued)

	<u>June 30, 2008</u>
<i>Operating Grants</i>	
Federal	\$ 276307
State of Michigan	333247
Other operating grants	<u>13917</u>
<i>Total Operating Grants</i>	623471
<i>Charges for Services</i>	
Tuition	7190
Food Service	111082
Athletics	62801
Day Care Program	15727
Other Charges for Services	<u>10388</u>
<i>Total Charges for Services</i>	207188
Total Revenues	\$ 5865307
Expenses	
Instruction	\$ 3065147
Support Services	1547964
Community Services	9958
Food Services	250246
Athletics	168285
Interest on long-term debt	209639
Other Costs	0
Depreciation (Unallocated)	354977
Intergovernmental payments	<u>0</u>
Total Expenses	\$ 5606216
Non-Operating Income (Expense)	0
INCREASE IN NET ASSETS	259091
NET ASSETS – BEGINNING OF YEAR	<u>4662487</u>
NET ASSETS – END OF YEAR	\$ <u><u>4921578</u></u>

Forest Park School District

801 Forest Parkway . Crystal Falls, Michigan 49920-11999
Phone: (906) 875-6761 Fax: (906) 875-4660

Administration's Discussion and Analysis For the Fiscal Year Ended June 30, 2008

Results of Operations: (Continued)

	<u>June 30, 2007</u>
Revenues	
<i>General Revenues</i>	
Property taxes, levied for general operations	\$ 2091398
Property taxes, levied for debt service	603265
Other taxes	12168
State Aid, Unrestricted	2197931
Interest and Investment Earnings	13362
Other general revenues	<u>73300</u>
<i>Total General Revenues</i>	\$ 4991424
 <i>Operating Grants</i>	
Federal	\$ 307846
State of Michigan	288566
Other operating grants	<u>6400</u>
<i>Total Operating Grants</i>	602812
 <i>Charges for Services</i>	
Tuition	11470
Food Service	102023
Athletics	44071
Day Care Program	43753
Other Charges for Services	<u>5532</u>
<i>Total Charges for Services</i>	206849
 Total Revenues	\$ 5801085

Forest Park School District

801 Forest Parkway . Crystal Falls, Michigan 49920-11999

Phone: (906) 875-6761 Fax: (906) 875-4660

Administration's Discussion and Analysis For the Fiscal Year Ended June 30, 2008

Results of Operations: (Continued)

	<u>June 30, 2007</u>
Expenses	
Instruction	\$ 3294529
Support Services	1405809
Community Services	12217
Food Services	245328
Athletics	138117
Interest on long-term debt	213982
Other Costs	0
Depreciation (Unallocated)	344376
Intergovernmental payments	<u>0</u>
Total Expenses	\$ 5654358
Non-Operating Income (Expense)	0
INCREASE IN NET ASSETS	146727
NET ASSETS – BEGINNING OF YEAR	<u>4515760</u>
NET ASSETS – END OF YEAR	\$ 4662487

1. State of Michigan Unrestricted Aid (Net State Foundation Grant)

The State of Michigan aid, unrestricted, is determined with the following variables:

- a. State of Michigan State Aid Act per student foundation allowance.
- b. Student Enrollment - Blended at 80 percent of current year's fall count and 20 percent of prior year's winter count.
- c. The District's non-homestead levy.

Forest Park School District

801 Forest Parkway . Crystal Falls, Michigan 49920-11999

Phone: (906) 875-6761 Fax: (906) 875-4660

Administration's Discussion and Analysis For the Fiscal Year Ended June 30, 2008

Per Student, Foundation Allowance

Annually, the State of Michigan establishes the per student foundation allowance. The **Forest Park School District's** foundation allowance was \$ 7,204 per student for the 2007-2008 school year.

Student Enrollment

The District's enrollment for state aid membership purposes for 2007-2008 was 604.79 students. The District's enrollment increased slightly from the prior year's student count. The following summarizes fall student enrollments for the past five years:

	Student FTE
2007-2008	605
2006-2007	623
2005-2006	617
2004-2005	597
2003-2004	619

2. Property Taxes Levied for General Operations (General Fund Non-Homestead)

The District levies 18.0000 mills of property taxes for operations (General Fund) on non-homestead properties. Under Michigan law, the taxable levy is based on the taxable valuation of properties. Annually, the taxable valuation increase in property values is capped at the rate of the prior year's CPI increase, or five percent, whichever is less. At the time of sale, a property's taxable valuation is readjusted to the State Equalized Value, which is, theoretically, 50 percent of the market value.

The District's non-homestead property tax revenue for the 2007-2008 fiscal year was \$ 2,182,340. The non-homestead property tax levy increased by approximately 4.35 percent over the prior year.

Forest Park School District

801 Forest Parkway . Crystal Falls, Michigan 49920-11999
Phone: (906) 875-6761 Fax: (906) 875-4660

Administration's Discussion and Analysis For the Fiscal Year Ended June 30, 2008

Property Taxes Levied for General Operations (General Fund Non-Homestead) (Continued)

The following summarizes the District's non-homestead property tax levy for the past five years:

	Non-Homestead Tax Levy	Percent Increase From Prior Year
2007-2008	2182340	4.3500
2006-2007	2091398	3.7400
2005-2006	2016022	4.5800
2004-2005	1927581	7.0900
2003-2004	1799935	4.7518

Average increase last five years: 4.902 %.

3. Debt Service Fund Levy

The District's debt service fund levy, which is used to pay the principal and interest on bond obligations, is based on the taxable valuation of all properties - both homestead and non-homestead. For the fiscal year ended June 30, 2008, the District's debt millage levy was 3.0000 mills, which generated revenue of \$571,694.

4. Food Sales to Students and Adults (School Lunch Program)

The District's food sales to students, adults, and ala carte increased by \$6995 from the prior school year.

Forest Park School District

801 Forest Parkway . Crystal Falls, Michigan 49920-11999

Phone: (906) 875-6761 Fax: (906) 875-4660

Administration's Discussion and Analysis For the Fiscal Year Ended June 30, 2008

General Fund Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in Required Supplemental Information of these financial statements. Changes to the General Fund original budget were as follows:

Budgeted revenues were decreased by \$84,482, which is approximately a 2% decrease from the original budget. Actual revenues came in at \$ 4,928,019, which is higher than both the original and the final amended budgets.

Budgeted expenditures were increased by \$101,687 from the original budgeted amounts, representing an approximate 3% decrease.

Revenues – Budget vs Actual for Fiscal Year Ended June 30, 2008

	Revenues Original <u>Budget</u>	Revenues Final <u>Budget</u>	Revenues Final <u>Actual</u>	Revenues Variance Actual vs Original <u>Budget</u>	Revenues Variance Actual vs Final <u>Budget</u>
General Fund	\$ 4916409	\$ 4831927	\$ 4928019	\$ 11610	\$ 96092

Forest Park School District

801 Forest Parkway . Crystal Falls, Michigan 49920-11999

Phone: (906) 875-6761 Fax: (906) 875-4660

Administration's Discussion and Analysis For the Fiscal Year Ended June 30, 2008

General Fund Budgetary Highlights (Continued)

Expenditures – Budget vs Actual for Fiscal Year Ended June 30, 2008

	Expenditures Original Budget	Expenditures Final Budget	Expenditures Final Actual	Expenditures Variance Actual vs Original Budget	Expenditures Variance Actual vs Final Budget
General Fund	\$ 4771473	\$ 4873160	\$ 4862481	\$ (91008)	\$ 10679

Major Capital Events and Significant Accomplishments

During the 2007-2008 school year, the District's accomplishments included:

Started the year with a 6% fund equity which is a District goal.

Two incumbent Board members won reelection to the Board of Education for the next 4 years helping to maintain a harmonious working relation for the entire District.

Education Yes Report showed District met all MEAP AYP goals as well as maintaining a solid grade of B+ overall.

Named one of the top 9% High Schools in the United States by U.S. News & World Report.

Received a \$10,000 grant to purchase 23 new security cameras which will be displayed inside and outside the facility.

Received an additional \$9,600 from the DIISD and the WISCD in the areas of transportation to and from the Tech Center.

Forest Park School District

801 Forest Parkway . Crystal Falls, Michigan 49920-11999

Phone: (906) 875-6761 Fax: (906) 875-4660

Administration's Discussion and Analysis For the Fiscal Year Ended June 30, 2008

Major Capital Events and Significant Accomplishments (Continued)

Were able to save \$113,000 by replacing 3 retiring teachers with 1.5 teachers.

Signed three year contracts with both bargaining units.

Implemented and hired a director of elementary education.

Reduced transportation overall in terms of mileage.

Installed a new business lab for students; new computers, desks, carpeting.

Installed new tile in the cafeteria.

Painted high school gymnasium installing a black and red stripe and cleaning up of banners, etc.

Painted many classrooms, office areas and interior and exterior doors along with replacing many ceiling tiles.

Bought a new 8-passenger van that is used to do small bus runs and school related conferences resulting in savings of fuel.

The elementary school instituted a brand new math series replacing one that was in place for over 20 years and not applicable to the new MMC.

Purchased a new school bus.

The high school math and science areas received new updated textbooks that are applicable with MMC.

Received permission from the state of Michigan to proceed with a bond proposal (\$775,000) for building and grounds projects which will go to voters on August 05, 2008.

Many sports championships including a state championship in football.

Forest Park School District

801 Forest Parkway . Crystal Falls, Michigan 49920-11999

Phone: (906) 875-6761 Fax: (906) 875-4660

Administration's Discussion and Analysis For the Fiscal Year Ended June 30, 2008

Goals and Priorities for 2007-2008

Some of the major priorities and goals for the 2008-2009 school year include:

Maintaining a fund equity that the District can abide by without having to borrow any additional funds.

Attracting more students to the District to help curb the declining enrollment of 20 students per year over the past 5 years.

Having the bond proposal pass on August 05, 2008 so we can proceed with much needed building and grounds improvements.

Updating our Language Arts textbook series K-12.

Maintaining MEAP AYP status while improving our entire MEAP scores 3rd – 11th Grade.

Continuing to update and implement policies that affect the day-to-day teaching, learning, and operational practices of the District.

Continuing to have successful athletic and extra curricular programs.

Continuing to maintain a positive and safe learning environment for the entire student body, staff, and community.

Contacting the School District's Financial Management

This financial report is designed to provide the School District's citizens, taxpayers, customers, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact:

Forest Park School District
School Business Office
801 Forest Parkway
Crystal Falls, Michigan 49920

BASIC FINANCIAL STATEMENTS

FOREST PARK SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2008

Governmental Activities

ASSETS

Current Assets

Cash and Cash Equivalents (Note 3)	\$ 132,157
Receivables	
Taxes	127,919
Accounts Receivable	6,123
Due from Other Governmental Units	511,612
Inventories	31,539
Deposit	5,000
	<hr/>

Total Current Assets	814,350
-----------------------------	----------------

Noncurrent Assets

Capital Assets (Note 5)	13,609,127
Less: Accumulated Depreciation (Note 5)	(4,720,863)
	<hr/>

Total Noncurrent Assets	8,888,264
--------------------------------	------------------

TOTAL ASSETS	\$ 9,702,614
---------------------	---------------------

LIABILITIES

Current Liabilities

Accrued Salaries and Benefits	375,916
Retirement Incentive Payable	40,000
Bonds Payable, Due within one year (Note 8)	400,000
Loans Payable, Due within one year (Note 8)	70,695
	<hr/>

Total Current Liabilities	886,611
----------------------------------	----------------

Noncurrent Liabilities

Bonds Payable (Note 8)	3,655,757
Compensated Absences Payable	68,900
Retirement Incentive Payable	115,000
Loans Payable, long-term (Note 8)	54,768
	<hr/>

Total Noncurrent Liabilities	3,894,425
-------------------------------------	------------------

TOTAL LIABILITIES	\$ 4,781,036
--------------------------	---------------------

NET ASSETS

Invested in Capital Assets, Net of Related Debt	\$ 4,707,044
Restricted for Food Service	18,873
Restricted for Athletics	4,067
Restricted for Debt Services	245,896
Restricted for Capital Projects	11,556
Restricted for Community Schools	9,266
Unrestricted and Undesignated	(75,124)
	<hr/>

TOTAL NET ASSETS	\$ 4,921,578
-------------------------	---------------------

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2008

<u>Functions/Programs</u> <u>Primary Government -</u>	Program Revenues			Governmental Activities
	Expenses	Charges for Services	Operating Grants	Net(Expense) Revenue and Changes in Net Assets
Government Activities:				
Instruction	\$ 3,065,147	\$ 7,190	\$ 441,039	\$ (2,616,918)
Support Services	1,547,964	-	47,613	(1,500,351)
Food Services	250,246	111,082	134,819	(4,345)
Athletics	168,285	62,801	-	(105,484)
Community Services	9,958	26,115	-	16,157
Interest on Long-Term Debt	209,639	-	-	(209,639)
Other Costs	-	-	-	-
Depreciation (Unallocated)	354,977	-	-	(354,977)
Total Governmental Activities	\$ 5,606,216	\$ 207,188	\$ 623,471	\$ (4,775,557)
General Revenues:				
Taxes:				
Property taxes levied for general operations				2,182,340
Property taxes levied for debt service				608,267
Other Taxes				-
State Aid, Unrestricted				2,122,000
Interest and Investment Earnings				14,183
Other				107,858
Total General Revenues				5,034,648
Change in Net Assets				259,091
Net Assets - Beginning of year				4,662,487
Net Assets - End of year				\$ 4,921,578

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2008

	<u>General Operating Funds</u>	<u>Debt Service Fund</u>
<u>ASSETS</u>		
Cash and Investments (Note 3)	\$ (95,092)	\$ 212,957
Receivables:		
Taxes	94,980	32,939
Accounts Receivable	4,304	-
Due from Other Funds	29,355	
Due from Other Governmental Units	510,134	-
Inventories	19,632	-
Deposit	-	-
TOTAL ASSETS	<u><u>\$ 563,313</u></u>	<u><u>\$ 245,896</u></u>
<u>LIABILITIES AND FUND BALANCES</u>		
<u>LIABILITIES</u>		
Accounts Payable	-	-
Accrued Salaries and Benefits	375,916	-
Deferred Revenue	-	-
Due to Other Funds	29,355	-
TOTAL LIABILITIES	405,271	-
<u>FUND BALANCES</u>		
Reserved for Debt Service	-	245,896
Reserved for Food Service	-	-
Reserved for Athletics	-	-
Reserved for Capital Projects	-	-
Reserved for Community Schools	9,266	-
Unreserved and Undesignated	148,776	-
TOTAL FUND BALANCES	158,042	245,896
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 563,313</u></u>	<u><u>\$ 245,896</u></u>

FOREST PARK SCHOOL DISTRICT

BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2008

Non-major Governmental Funds	Total Governmental Funds
\$ 14,292	\$ 132,157
-	127,919
1,819	6,123
-	29,355
1,478	511,612
11,907	31,539
5,000	5,000
\$ 34,496	\$ 843,705
-	-
-	375,916
-	-
-	29,355
-	405,271
-	245,896
18,873	18,873
4,067	4,067
11,556	11,556
-	9,266
-	148,776
34,496	438,434
\$ 34,496	\$ 843,705

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

GOVERNMENTAL FUNDS

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO STATEMENT OF NET ASSETS

June 30, 2008

Total Fund Balances - Governmental Funds	\$ 438,434
---	-------------------

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.

The cost of capital assets is:	13,609,127
Accumulated depreciation is:	(4,720,863)

Long term liabilities are not due and payable in the current period and are not reported in the funds:

Bonds/Loans Payable	(4,181,220)
Compensated Absences/Other Benefits	(68,900)
Retirement Incentives Payable	(155,000)

Other long term assets not available to pay current period expenditures therefore deferred in the funds

-

Accrued interest is not included as a liability in governmental funds

-

Amounts due from other non-governmental funds

-

Amounts due to other non-governmental funds

-

Total Net Assets - Governmental Activities	<u>\$ 4,921,578</u>
---	----------------------------

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

GOVERNMENTAL FUNDS - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended June 30, 2008

	General Operating Funds	Debt Service
<u>REVENUE</u>		
Local Revenue	\$ 2,317,367	\$ 617,920
State Revenue	2,439,112	-
Federal Revenue	135,638	-
Interdistrict and Other Revenue	35,902	-
TOTAL REVENUE	\$ 4,928,019	\$ 617,920
<u>EXPENDITURES</u>		
Current:		
Instruction	3,196,853	-
Support Services	1,609,189	-
Community Services	9,958	-
Food Services	-	-
Athletics	-	-
Debt Service	-	-
Principal	-	454,101
Interest and Fees	-	199,202
Other costs	-	10,437
Capital Outlay	46,481	-
Intergovernmental Payments	-	-
TOTAL EXPENDITURES	\$ 4,862,481	\$ 663,740
Excess (Deficiency) of Revenues Over Expenditures	65,538	(45,820)
<u>Other Financing Sources (Uses)</u>		
Operating transfers in	-	72,113
Operating transfers out	(205,934)	-
Bond and loan proceeds	-	-
Bond premium	-	-
Cost of bond issuance	-	-
Gain on investments	-	-
Total Other Financing Sources (Uses)	(205,934)	72,113
Net Change in Fund Balances	(140,396)	26,293
FUND BALANCE - BEGINNING OF YEAR	298,438	219,603
FUND BALANCE - END OF YEAR	\$ 158,042	\$ 245,896

FOREST PARK SCHOOL DISTRICT

**GOVERNMENTAL FUNDS - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES**

Year Ended June 30, 2008

Non-major Governmental Funds	Total Governmental Funds
\$ 184,549	\$ 3,119,836
8,165	2,447,277
126,654	262,292
-	35,902
<hr/>	<hr/>
\$ 319,368	\$ 5,865,307
-	3,196,853
-	1,609,189
-	9,958
250,245	250,245
168,285	168,285
-	-
-	454,101
-	199,202
-	10,437
38,458	84,939
-	-
<hr/>	<hr/>
\$ 456,988	\$ 5,983,209
(137,620)	(117,902)
133,821	205,934
-	(205,934)
-	-
-	-
-	-
-	-
<hr/>	<hr/>
133,821	-
(3,799)	(117,902)
<hr/>	<hr/>
38,295	556,336
<hr/>	<hr/>
\$ 34,496	\$ 438,434

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

**GOVERNMENTAL FUNDS - RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES**

Year Ended June 30, 2008

Net Change in Fund Balances - Total Governmental Funds	\$ (117,902)
---	---------------------

Amounts reported for governmental activities in the statement
of activities are different because:

Governmental funds report capital outlays as expenditures; in
the statement of activities, these costs are allocated over their
estimated useful lives as depreciation.

Depreciation Expense	(354,977)
Capital Outlay	84,939

Revenue reported in the statement of activities that does not provide
current financial resources and are not reported as revenue
in the governmental funds

-

Accrued interest is recorded in the statement of activities when
incurred; it is not reported in governmental funds until paid

-

Repayment of bond/loan principal is an expenditure in the governmental
funds, but not in the statement of activities (where it reduces
long term debt)

454,101

Proceeds from loans and the issuance of bonds are considered to be
other financing sources in the fund statements, but are not reported
in the statement of activities

-

Adjustment to account for decrease in long-term employee
benefits, which is not reflected in the fund statements

226,249

Recognize liability for long-term retirement incentive payable, which is
not reflected in the fund statements

(33,319)

Change in Net Assets of Governmental Activities

\$ 259,091

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

FIDUCIARY FUND**STATEMENT OF FIDUCIARY NET ASSETS***JUNE 30, 2008***ASSETS**

Cash, Deposits, and Investments	\$ 113,177
Due From Other Funds	<u>528</u>

TOTAL ASSETS	\$ 113,705
---------------------	-------------------

LIABILITIES

Due to Student Groups	38,333
Due to Other Funds	<u>528</u>

TOTAL LIABILITIES	\$ 38,861
--------------------------	------------------

NET ASSETS

Restricted for Scholarships	46,342
Restricted for Revolving Fund Expenses	25,074
Restricted for Elementary or High School Science	<u>3,428</u>

TOTAL NET ASSETS	\$ 74,844
-------------------------	------------------

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

Year Ended June 30, 2008

	<u>Private Purpose Trust Funds</u>			
	<u>Scholarship Fund</u>	<u>Revolving Fund</u>	<u>Sedberry Trust Fund</u>	<u>Totals</u>
<u>ADDITIONS</u>				
Gifts and Contributions	\$ 5,806	\$ 81,551	\$ -	\$ 87,357
Investment Earnings	2,300	423	19	2,742
TOTAL ADDITIONS	\$ 8,106	\$ 81,974	\$ 19	\$ 90,099
<u>DEDUCTIONS</u>				
Scholarships Awarded	7,997	-	-	7,997
Elementary and High School Science Expenses	-		868	868
Other	-	85,875	-	85,875
TOTAL DEDUCTIONS	\$ 7,997	\$ 85,875	\$ 868	\$ 94,740
 Transfer In (Out)	 \$ -	 \$ -	 \$ -	 \$ -
Change in Net Assets	109	(3,901)	(849)	(4,641)
Net Assets - Beginning of year	<u>46,233</u>	<u>28,975</u>	<u>4,277</u>	<u>79,485</u>
Net Assets - End of year	<u>\$ 46,342</u>	<u>\$ 25,074</u>	<u>\$ 3,428</u>	<u>\$ 74,844</u>

The notes to the financial statements are an integral part of this report.

NOTES TO THE FINANCIAL STATEMENTS

FOREST PARK SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the **Forest Park School District** conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies of the School District:

Reporting Entity

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate, component units of the School District. Based on the application of the criteria, the District does not contain any component units.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

District-wide and Fund Financial Statements

The district-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the District's district-wide activities are considered governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**District-wide and Fund Financial Statements
(Continued)**

Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**District-wide and Fund Financial Statements
(Continued)**

The criteria applied for designation as a major fund is as follows:

1. Total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for a fund type.
2. Total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and enterprise funds combined.

Assets, or other element taken one at a time would have to pass both the 10% test and the 5% test for the fund to be required to be reported as a major fund.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Measurement Focus, Basis of Accounting and Financial
Statement Presentation**

District-wide Statements

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants, categorical aid and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of inter-fund activity has been eliminated from the district-wide financial statements.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Measurement Focus, Basis of Accounting and Financial
Statement Presentation (Continued)**

Fund-based Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is measurable and available. Revenue is considered to be available if it is collected within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and severance pay, are recorded only when payment is due.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Measurement Focus, Basis of Accounting and Financial
Statement Presentation (Continued)**

Fund-based Statements (Continued)

Property taxes, unrestricted State aid, intergovernmental grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

The fiduciary fund statement is also reported using the economic resources measurement focus and the accrual basis of accounting.

The School District reports the following governmental funds:

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Measurement Focus, Basis of Accounting and Financial
Statement Presentation (Continued)**

Fund-based Statements (Continued)

General Fund

The General Fund is the School District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

Forest Park Community School Fund

This fund is used to account for all financial resources collected for the Community School program.

For reporting purposes, the General Fund and the Community School Fund are combined to form the School District's General Operating Fund. This is reported as a major fund.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Measurement Focus, Basis of Accounting and Financial
Statement Presentation (Continued)**

Fund-based Statements (Continued)

Capital Project Funds

These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or other capital assets, including equipment.

The capital project fund is considered to be a non-major fund for district-wide reporting.

Debt Retirement Fund

These funds are used to account for the accumulated resources for, and the payment of, general long-term principal, interest, and related cost.

The Debt Retirement Fund is a major fund.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Measurement Focus, Basis of Accounting and Financial
Statement Presentation (Continued)**

Fund-based Statements (Continued)

Special Revenue Funds

These funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

The School Service Funds are Special Revenue Funds that segregate, for administrative purposes, the transactions of a particular activity from regular revenue and expenditure accounts. The School District maintains full control of these funds. The School Service Funds maintained by the School District are the Food Services Fund and Interscholastic Athletic Fund, both of which are considered to be non-major funds.

Fiduciary Funds

These funds are used to account for assets held by the School District in a trustee capacity or as an agent.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Measurement Focus, Basis of Accounting and Financial
Statement Presentation (Continued)**

Fund-based Statements (Continued)

Fiduciary Funds

Fiduciary Fund net assets and results of operations are not included in the district-wide statements. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District presently maintains a Student Activities Fund, a Scholarship Fund, Revolving Fund, and the Sedberry Trust Fund. The Student Activity Fund is an Agency Fund; the Scholarship Fund, the Revolving Fund and the Sedberry Trust Fund are all private-purpose trust funds.

Deposits and Investments

Cash and cash equivalents include cash on hand, demand deposits and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables and Payables

In general, outstanding balances between funds are reported as "due to/from other funds". Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds".

Property Taxes

Property taxes are levied on July 01 and payable by September 15 each year. They are considered delinquent if unpaid as of March 01 of the following year. Property taxes are recognized when they become available. The County of Iron purchases all delinquent real property taxes during the second quarter of each year, resulting in total collection of real property taxes each year.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes (Continued)

Delinquent personal property taxes are recorded as receivable if considered to be collectible within 60 days after year-end. For the year ended June 30, the School District had a taxable value of \$ 190,574,259, on which was levied 18.0000 operating mills (non-homestead only), and 3.0000 mills for debt retirement.

State Revenue

The State of Michigan uses a foundation grant approach which provides for a specific annual amount of revenue per student based on a state-wide formula.

The foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

State Revenue (Continued)

The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts.

The State portion of the foundation grant is provided primarily by a State education property tax millage of 6.00 mills (on both homestead and non-homestead property) and an allocated portion of the State sales and other taxes.

The local portion of the foundation grant is funded primarily by non-homestead property taxes levied at a rate of up to 18 mills.

The State revenue is recognized during the foundation period (currently the fiscal year) and is funded through payments from October 2007 through August 2008.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

State Revenue (Continued)

The School District also receives revenue from the State to administer certain categorical education programs.

State rules require that revenue earmarked for these programs be expended for its specific purpose. Categorical funds received which are not expended by the close of the fiscal year are recorded as deferred revenue.

State, general, and categorical aids are recognized as revenue in the entitlement year. Federal aids for reimbursement programs are recognized as revenues in the year related program expenditures are incurred. Aids received prior to meeting revenue recognition criteria are recorded as deferred revenues.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories and Prepaid Items

Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. United States Department of Agriculture commodities inventory received by the Food Service Fund is recorded as both revenue and expense in the year received. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both district-wide and fund financial statements.

Capital Assets

Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental column in the district-wide financial statements.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Capital assets are defined by the government as assets with an initial individual cost of more than \$ 1,000 and an estimated useful life in excess of 1 year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The School District does not have infrastructure-type assets.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings..... 20 - 50 years

Buses and other vehicles.....5 - 10 years

Furniture and Other

Equipment..... 5 - 20 years

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingent Liabilities

Unemployment

Payroll and related withholding and expenses which have been earned by School District employees but not paid as of June 30 are recorded as a liability on the School District's balance sheet.

The School District is a reimbursing employer to the Michigan Employment Security Commission and as such is responsible to pay the Commission for those benefits paid and charged to its accounts. As of June 30, 2008 appropriate liabilities have been recorded for all claims paid by the Commission. However, no provision has been made for future payments that might result from claims in process or un-filed.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingent Liabilities

Compensated Absences

Sick Leave

The various employment contracts and agreements covering the School District's personnel allow for the accumulation of sick leave as defined.

Although cumulative, the benefit does not vest, i.e., it is forfeited if the employee retires or leaves the employment of the District. The details of each contract/agreement as they relate to the accumulation of sick leave benefits and the corresponding contingent liability as of June 30, 2008 are summarized as follows:

Teaching staff can accumulate up to 200 days of sick leave. Upon retirement, employees with at least (14) years of service are paid for up to a maximum of 110 days of unused sick leave.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingent Liabilities (Continued)

Compensated Absences (Continued)

Sick Leave (Continued)

Employees with 50 or less days accrued but unused sick leave days are paid at a rate of \$ 20 per day; employees with more than 50 days accrued sick leave are paid at a rate of \$ 30 per day up to a maximum of 100 days.

Support staff employees with at least 5 years of service with the District can accumulate up to 800 hours of sick leave.

Employees with 400 hours or less are paid at a rate of \$ 20 per 8-hour day; employees with more than 400 hours are paid at a rate of \$ 30 per 8-hour day, up to a maximum of 800 hours.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingent Liabilities (Continued)

Compensated Absences (Continued)

Sick Leave (Continued)

At June 30, 2008, the accumulated sick leave liability for all employees, including the related costs of FICA and retirement is estimated at \$76,555.96. Short-term benefits likely to be paid within the next 12 month period would result in a current liability of \$7,655.60. It is estimated that the long-term liability (calculated at the applicable percentage and rate at retirement) is approximately \$68,900.36.

Based on actual prior year activity and as prescribed by GASB 16, that which could reasonably be expected to be used has been recognized and expended in the current period. The balance, or long-term portion, has been reported as long-term debt in the Statement of Net Assets.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingent Liabilities (Continued)

Compensated Absences (Continued)

Sick Leave Bank

The School District maintains a reserve of sick leave to provide for long-term teacher illness in special instances when teachers have exhausted their accumulated benefits. Eligible teachers receive their current contractual rate of pay for a period of up to 180 days. The bank is limited to a maximum of 270 days.

Because the privilege to draw from the sick leave bank is granted on a case-by-case basis at the discretion of the Board of Education, and is not an automatic benefit, benefits accumulated in the sick leave bank are not considered to be a liability of the **Forest Park School District**.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Non-Monetary Transactions

Federal financial assistance received by school districts may include claims for reimbursement on reimbursable meals and milk served, cash in lieu of commodities, USDA donated commodities (both bonus and entitlement), discounts and rebates for the value of USDA donated commodity ingredients contained in processed foods (end products) provided by the state and federal processing program, respectively, and other payments for administrative costs, etc.

The Single Audit Act of 1984, as amended, and OMB Circular A-133 defines federal financial assistance to include both monetary and non-monetary forms of assistance provided by or passed down from a federal agency, such as grants, contracts, loans, loan guarantees, property, etc.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Non-Monetary Transactions (Continued)

On this basis, the District recognizes the USDA value of donated commodities (bonus and non-bonus) received and expended in the amount of \$15,976 for entitlement commodities, and bonus commodities of \$248.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Long-Term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statements of Net Assets.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Obligations (Continued)

Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond costs, during the current period.

Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Measurement Focus, Basis of Accounting and
Financial Statement Presentation**

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

At June 30, the District had reserved fund balances as follows:

Debt Retirement Fund – Reserved for
debt services \$ 245,896.

Capital Projects Fund – Reserved for
capital projects \$ 11,556.

Food Services Fund – Reserved for
food services \$ 18,873.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Measurement Focus, Basis of Accounting and
Financial Statement Presentation (Continued)**

Fund Equity (Continued)

Interscholastic Athletic Fund –
Reserved for athletics \$4,067.

Community Schools Fund – Reserved
for Community Schools \$9,266.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the general and special revenue funds. All annual appropriations lapse at fiscal year end.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Budgetary Information (Continued)

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level.

State law requires the District to have its budget in place by July 01. Expenditures in excess of amounts budgeted is a violation of Michigan Law. State law permits districts to amend its budgets during the year.

**Excess of Expenditures Over Appropriations in
Budgetary Funds**

Budget Violations

P.A. 621 of 1978, SECTION 18 (1), as amended, provides a local unit shall not incur expenditures in excess of the amounts appropriated.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

**Excess of Expenditures Over Appropriations in
Budgetary Funds (Continued)**

Budget Violations

The **Forest Park School District's** actual expenditures and budgeted expenditures for the funds budgeted have been shown on an activity basis. The approved budgets of the **Forest Park School District** were adopted at the activity level. The budget is prepared on the modified accrual basis of accounting, which is the same basis as the financial statements.

The total actual 2007-2008 expenditures for the following activities (cost centers) exceeded the amended budget allocations by a total of \$37,793, contrary to the provisions of Section 17 of Public Act 621 of 1978, the "Uniform Budgeting and Accounting Act".

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

**Excess of Expenditures Over Appropriations in
Budgetary Funds (Continued)**

Budget Violations (Continued)

<u>ACTIVITY (COST CENTER)</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>(OVER) EXPENDITURES</u>
<u>General Fund</u>			
Pre-Kindergarten	\$ 35172	\$ 35144	\$ 28
Fiscal Services	135371	100651	34720
Transfer Out – Athletic Fund	103821	100776	3045

Fund Deficits

At June 30, 2008, the District had no fund deficit in any fund.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 3 - DEPOSITS AND INVESTMENTS

State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of the federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District's deposits are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the local unit's cash deposits classifies cash according to three levels of risk.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

These three levels of risk are as follows:

Category 1

Deposits which are insured or collateralized with securities held by the District or its agent in the District's name.

Category 2

Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.

Category 3

Deposits which are not collateralized or insured.

Based on these three levels of risk, the District's cash deposits are classified as follows:

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Totals</u>
Cash and Deposits	\$ 108428	\$ -0-	\$ 136906	\$ 245334

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total Primary Government</u>
Cash and cash equivalents	\$ 132157	\$ 113177	\$ 245334
Investments	<u>0</u>	<u>0</u>	<u>0</u>
Total	\$ 132157	\$ 113177	\$ 245334

The breakdown between deposits and investments for the School District is as follows:

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits (checking and savings accounts, certificates of deposit)	\$ 245184
Investments in securities, mutual funds, and similar vehicles	0
Petty cash/Cash on hand	<u>150</u>
Total	\$ <u>245334</u>

The deposits of the School District were reflected in the accounts of financial institutions at \$ 245,334, of which \$108,428 is covered by federal depository insurance.

INVESTMENTS

Credit risk is the risk that issuer or other counterparty to an investment will not fulfill its obligations. Custodial risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities in the possession of an outside party.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS (Continued)

The School District's investments are categorized below to give an indication of the level of risk assumed at year-end. **Category 1** includes investments that are insured or registered of for which the securities are held by the School District or its agent in the School District's name. **Category 2** includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's safekeeping department or agent in the School District's name. **Category 3** includes uninsured and registered investments for which the securities are held by the broker or dealer, or by its safekeeping department or agent, but not in the School District's name.

There are no investments for the School District, as reflected below.

	Category 1	Category 2	Category 3	Category 4	Market Value
Investments	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 4 - RECEIVABLES

Receivables as of year-end for the School District's individual major funds and the non-major and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Operating Funds</u>	<u>Non-major And Other Funds</u>	<u>Total</u>
Receivables:			
Taxes	\$ 94980	\$ 32939	\$ 127919
Intergovernmental	510134	1478	511612
Other	<u>4304</u>	<u>1819</u>	<u>6123</u>
Total Receivables	\$ <u>609418</u>	\$ <u>36236</u>	\$ <u>645654</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 4 - RECEIVABLES (CONTINUED)

Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Grant and categorical aid payment not considered available	\$ -0-	\$ -0-
Payments received prior to meeting all eligibility requirements:	<u>-0-</u>	<u>-0-</u>
Total	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>

NOTE 5 - CAPITAL ASSETS

Capital asset activity of the School District's governmental activities was as follows:

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 5 - CAPITAL ASSETS (CONTINUED)

	<u>Balance June 30, 2007</u>	<u>Additions</u>	<u>Disposals and Adjustments</u>	<u>Balance June 30, 2008</u>
Assets not being depreciated:				
Land	\$ 5000	\$ -0-	\$ -0-	\$ 5000
Capital assets being depreciated:				
Land Improvements	332677	1983	-0-	334660
Building and building Improvements	11882780	19568	-0-	11902348
Buses and other vehicles	556895	18618	-0-	575513
Furniture and equipment	<u>746836</u>	<u>44770</u>	<u>-0-</u>	<u>791606</u>
Subtotal	\$ 13519188	\$ 84939	\$ -0-	\$ 13604127
Accumulated Depreciation:				
Land Improvements	163183	16683	-0-	179866
Building and building improvements	\$ 3239138	\$ 249154	\$ -0-	\$ 3488292

(Continued on page 72)

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 5 - CAPITAL ASSETS (CONTINUED)

(Continued from previous page)

	Balance June 30, <u>2007</u>	<u>Additions</u>	Disposals and <u>Adjustments</u>	Balance June 30, <u>2008</u>
Accumulated Depreciation (Con't)				
Buses and other vehicles	\$ 411930	\$ 40588	\$ -0-	\$ 452518
Furniture and equipment	<u>551635</u>	<u>48552</u>	<u>-0-</u>	<u>600187</u>
Subtotal	4365886	354977	-0-	4720863
Net capital assets being Depreciated	<u>9153302</u>	<u>(270038)</u>	<u>-0-</u>	<u>8883264</u>
Net capital assets	\$ <u>9158302</u>	\$ <u>(270038)</u>	\$ <u>-0-</u>	\$ <u>8888264</u>

Depreciation expense was not charged to activities as the District considers its assets to impact multiple activities and allocation is not practical.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 6 – INTER-FUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of inter-fund balances is as follows:

Do To/From Other Funds:

The amounts of inter-fund receivables and payables as of June 30, 2008 were as follows:

<u>Fund</u>	<u>Inter-fund Receivable</u>	<u>Inter-fund Payable</u>
General Fund	\$ 29355	\$ -0-
Food Service	-0-	-0-
Debt Retirement	-0-	-0-
Community Schools	-0-	29355
Athletic	-0-	-0-
Capital Projects	-0-	-0-
Revolving Fund	528	-0-
Scholarship Fund	<u>-0-</u>	<u>528</u>
Totals	\$ <u>29883</u>	\$ <u>29883</u>

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 6 – INTER-FUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

Do To/From Other Funds: (Continued)

	<u>Inter-fund Receivable</u>	<u>Inter-fund Payable</u>
<u>Summary by Fund Classification:</u>		
Major Funds	\$ 29355	\$ 29355
Private-Purpose Trust Funds	<u>528</u>	<u>528</u>
Totals	\$ <u>29883</u>	\$ <u>29883</u>

The General Fund transfers monies to other governmental funds as needed to support the activities of the District. The above schedule represents amounts pending at year-end.

Operating Transfers

Inter-fund transfers are the result of legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 6 – INTER-FUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

Operating Transfers (Continued)

During the fiscal year ended June 30, 2008 the District
authorized the following transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -0-	\$ 205934
Athletic Fund	103821	-0-
Capital Projects	30000	-0-
Debt Retirement	72113	-0-
Community Schools	<u>-0-</u>	<u>-0-</u>
Totals	\$ <u>205934</u>	\$ <u>205934</u>

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 6 – INTER-FUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

Operating Transfers (Continued)

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Summary by Fund Classification:</u>		
Major Funds	\$ 72113	\$ 205934
Non-Major Funds	<u>133821</u>	<u>-0-</u>
Totals	\$ <u>205934</u>	\$ <u>205934</u>

General Fund transfers monies as needed to the Athletic Fund, Capital Project Fund, and Debt Retirement Fund to support those fund activities.

Other Financing Sources (Uses)

The transfers of cash between various District funds are budgeted but reported separately from revenues and expenditures as operating transfers in or (out), unless they represent temporary advances that are to be repaid, in which case, they are carried as assets and liabilities of the advancing or borrowing funds.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 7 - DEFERRED REVENUE

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

At June 30, 2008, the District reported no deferred revenue.

NOTE 8 - LONG-TERM DEBT

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General Obligation Bonds are direct obligations and pledge the full faith and credit of the School District. Other long-term obligations include compensated absences, claims and judgments, termination benefits, and certain risk obligations.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Long-term obligation activity can be summarized as follows:

	<u>Balance</u> <u>06/30/07</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/08</u>
2005 Refunding Bonds	\$ 4415000	\$ -0-	\$ 390000	\$ 4025000
M-TEC Loan (6/2/05)	21134	-0-	11341	9793
Durant Resolution Package Bonds	30757	-0-	-0-	30757
First National Bank of Crystal Falls (Bus Garage)	94171	-0-	37484	56687
Northern Michigan Bank & Trust (Bus Loan)	74259	-0-	15276	58983
Long-term Employee Benefits Payable	295149	-0-	226249	68900
Retirement Incentive Payable	<u>121681</u>	<u>115000</u>	<u>81681</u>	<u>155000</u>
Totals	\$ <u>5052151</u>	\$ <u>115000</u>	\$ <u>762031</u>	\$ <u>4405120</u>

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 8 - LONG-TERM DEBT (CONTINUED)

2005 REFUNDING BONDS

On March 16, 2005, the District issued \$ 4,795,000 in general obligation, unlimited tax refunding bonds for the purpose of refunding a portion of the 1997 bonds maturing in the years 2007 to 2017. The bonds pledge the full faith and credit of the School District for payment of the principal and interest thereon and will be payable from ad valorem taxes, which may be levied on all taxable property in the School District without limitation as to rate or amount.

The bonds are fully qualified for the Michigan School Bond Loan Fund Program pursuant to Act 108, Public Acts of Michigan, 1961, as amended, enacted pursuant to Article IX, Section 16 of the Michigan Constitution of 1963.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 8 - LONG-TERM DEBT (CONTINUED)

2005 REFUNDING BONDS (Continued)

The principal and interest requirements are as follows:

<u>Payment Date</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total Payment</u>
11/01/2008	\$ -0-	\$ 89625	\$ 89625
05/01/2009	400000	89625	489625
11/01/2009	-0-	83625	83625
05/01/2010	415000	83625	498625
11/01/2010	-0-	73250	73250
05/01/2011	430000	73250	503250
05/01/2011	-0-	62500	62500

(Continued on page 81)

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 8 - LONG-TERM DEBT (CONTINUED)

2005 REFUNDING BONDS (Continued)

(Continued from previous page)

<u>Payment Date</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total Payment</u>
05/01/2012	\$ 450000	\$ 62500	\$ 512500
05/01/2012	0	51250	51250
11/01/2013	465000	51250	516250
05/01/2013	0	39625	39625
05/01/2014	465000	39625	504625
11/01/2014	0	28000	28000
05/01/2015	465000	28000	493000
11/01/2015	0	18700	18700
05/01/2016	465000	18700	483700
11/01/2016	0	9400	9400
05/01/2017	<u>470000</u>	<u>9400</u>	<u>479400</u>
Totals	\$ 4025000	\$ 911950	\$ 4936950

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 8 - LONG-TERM DEBT (CONTINUED)

M-TECH LOAN

On June 02, 2005, the District executed a note in the amount of \$ 41,446, with M-Tech bearing interest at a nominal annual rate of 2.0%. Beginning June 29, 2005, the District was required to make monthly payments in the amount of \$ 898.96, with the last scheduled payment to be made on May 29, 2009. Proceeds from the loan were used to make energy improvements. The loan balance as of June 30, 2008 was \$ 9,792.73.

**DURANT SCHOOL IMPROVEMENT BOND,
SERIES 1998**

The Durant class-action lawsuit resulted in a judgment of \$212 million against the State of Michigan. The State mandated specific education programs, but failed to compensate local school districts for the increased cost of mandated programs.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 8 - LONG-TERM DEBT (CONTINUED)

**DURANT SCHOOL IMPROVEMENT BOND,
SERIES 1998 (Continued)**

The local school districts that did not participate in the class-action lawsuit were offered a settlement in lieu of future litigation.

The Districts with settlement amounts greater than or equal to \$75,000 were to receive one-half of the settlement amount over a period of ten years beginning November 15, 1998. Restrictions on the use of these funds are stated in 11f(6):school buses, electronic instructional material and software, school security, textbooks, technology, infrastructure or infrastructure improvement, training for technology, or to reduce or eliminate voter-approved debt that was issued prior to 11/19/97.

The District opted to participate in a bonding program, whereby the District would receive bond proceeds equal to the other half of the settlement amount (\$52,090).

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 8 - LONG-TERM DEBT (CONTINUED)

**DURANT SCHOOL IMPROVEMENT BOND,
SERIES 1998 (Continued)**

The bonds were issued through the Michigan Municipal Bond Authority as School Loan Revenue Bonds, Series 1998.

The proceeds of the bonds were to be used for capital expenditures and to pay costs of bond issuance, and were not to be used for maintenance cost.

The Durant bonds are considered to be a legal obligation of the District and are recorded in the District's General Long-Term Debt Account Group. The annual State of Michigan appropriation is the only revenue source for making the annual debt service payment on the bonds. If the legislature fails to appropriate the funds, the District is under no obligation for payment.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 8 - LONG-TERM DEBT (CONTINUED)

**DURANT SCHOOL IMPROVEMENT BOND,
SERIES 1998 (Continued)**

Repayment of the Principal Amount shall be made according to the following schedule until the full Principal Amount is repaid.

In the event that the Authority elects to adjust the interest rates payable on this bond, the Authority may prepare and substitute a new payment schedule reflecting such adjustment, a copy of which shall be sent to the School District and to the Authority's Depository.

The Michigan Municipal Bond Authority has determined that certain payments of principal installments and interest which were due on May 15, 2007 and May 15, 2008 shall be deferred until a later date, which is reflected in the new payment schedule.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 8 - LONG-TERM DEBT (CONTINUED)

**DURANT SCHOOL IMPROVEMENT BOND,
SERIES 1998 (Continued)**

(Continued from previous page)

Payment Dates Due on May 15	Principal	Interest	May 10, 2007 (Revised)
2009	\$ 17,713.99	\$ 6,862.96	\$ 24,576.95
2010	3,036.84	621.00	3,657.84
2011	3,181.48	476.41	3,657.89
2012	3,332.78	324.92	3,657.70
2013	<u>3,491.41</u>	<u>166.24</u>	<u>3,657.65</u>
Total	\$ <u>30,756.50</u>	\$ <u>8,451.53</u>	\$ <u>39,208.03</u>

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 8 - LONG-TERM DEBT (CONTINUED)

**DURANT SCHOOL IMPROVEMENT BOND,
SERIES 1998**
(Continued)

Total Settlement Amount of	\$ 104,179.00
Bonded Settlement Amount of	\$ 52,089.50
Annual Interest Rate is	4.761353%
Average Life of bonds is	6.783 years

**FIRST NATIONAL BANK OF CRYSTAL FALLS
INSTALLMENT NOTE # 92566**

On December 15, 1999, the District executed a loan in the amount of \$314,000 from the First National Bank of Crystal Falls to defray the costs of constructing a new bus garage.

The installment note bears interest at the rate of 5.740%; requires monthly installment payments of \$3458.46 payable on January 15, 2000 and in the 15th day of each month thereafter for 120 months until maturity on December 15, 2009. The unpaid balance on June 30, 2008 was \$ 56,687.29.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 8 - LONG-TERM DEBT (CONTINUED)

**NORTHERN MICHIGAN BANK & TRUST
INSTALLMENT NOTE # 30029205-1**

On August 26, 2005, the District executed a loan in the amount of \$96,200 from the Northern Michigan Bank & Trust of Kingsford to purchase two school buses.

The installment note bears interest at the rate of 4.350%; requires semi-annual principal installments over a 6 year period commencing on February 28, 2006 and semi-annually thereafter until August 26, 2011. The principal loan balance as of June 30, 2008 was \$58,983.08.

ACCRUED LONG-TERM SICK LEAVE

On June 30, 2008 the District's estimated liability for long-term sick leave payable, plus the related costs of FICA, Medicare, and retirement was \$ 68,900.36.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 8 - LONG-TERM DEBT (CONTINUED)

RETIREMENT INCENTIVE PAYABLE

On June 30, 2008 the long-term retirement incentive is payable as follows:

2008-09	\$ 40,000.00
2009-10	20,000.00
2010-11	20,000.00
2011-12	20,000.00
2012-13	20,000.00
2013-14	20,000.00
2014-15	<u>15,000.00</u>
	\$ 155,000.00

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 9 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The School District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the School District. Settled claims relating to the commercial insurance did not exceed the amount of insurance coverage in any of the past three years.

NOTE 10 - EMPLOYEE RETIREMENT SYSTEM-DEFINED BENEFIT PLAN

The School District contributes to the Michigan Public School Employees' Retirement system (MPERS), a cost-sharing multiple-employer defined benefit pension administered by the Michigan Department of Management and Budget, Office of Retirement Systems.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 10 - EMPLOYEE RETIREMENT SYSTEM-DEFINED BENEFIT PLAN (CONTINUED)

MPSERS provides retirement, survivor and disability benefits to public school employees. Eligibility and benefit provisions are governed under Public Act 136 of 1945, re-codified and currently operating under the provisions of Public Act 300 of 1980, as amended. MPSERS issues a publicly available financial report that includes financial statements and required supplementary information.

The annual report may be obtained by calling (517) 322-5103 or by writing to:

**Department of Management and Budget
Office of Retirement Systems
P.O. Box 30673
Lansing, Michigan 48909-8103**

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 10 - EMPLOYEE RETIREMENT SYSTEM-DEFINED BENEFIT PLAN (CONTINUED)

The School District is required by state statute to contribute 17.74% of covered payroll from July 01, 2007 through September 30, 2007, decreasing to 16.72% from October 01, 2007 through June 30, 2008. Contributions to MPSERS are determined on an actuarial basis using the entry age normal actuarial cost method. Contribution requirements of plan members including the School District are established and may be amended only by state statute.

The School District's contributions to MPSERS for the year ending June 30, 2008, 2007, and 2006, were \$ 455,562, \$ 474,125, and \$ 459,915, respectively.

Mandatory member contributions were phased out between 1974 and 1977, with the plan remaining noncontributory until January 1, 1987, when the Member Investment Plan (MIP) was enacted. MIP members enrolled prior to January 01, 1990, contribute at a permanently fixed rate of 3.9% of gross wages.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 10 - EMPLOYEE RETIREMENT SYSTEM-DEFINED BENEFIT PLAN (CONTINUED)

The MIP contribution rate was 4.0% from January 1, 1987, the effective date of the MIP, until January 1, 1990, when it was reduced to 3.9%. Members first hired January 1, 1990 or later and returning members who did not work between January 1, 1987 through December 31, 1989, contribute at the following graduated permanently fixed contribution rate: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 4.3% of all wages over \$15,000.

Basic Plan members make no contributions. Contributions collected and remitted by the School District on behalf of MIP members for the years ending June 30, 2008, 2007, and 2006 were \$79,407, \$78,105, and \$81,722, respectively, equal to the required contributions for the year.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 11 - POST-EMPLOYMENT BENEFITS

In addition to the pension benefits, MPSERS provides comprehensive group medical, hearing, dental and vision coverage for retirees and beneficiaries. A significant portion of the premium is paid by MPSERS with the balance deducted from the monthly pension of the retiree. The portion provided by MPSERS is factored into the pension contribution rate.

NOTE 12 - RELATED PARTY TRANSACTIONS

Related parties exist when there is a relationship that offers the potential for transactions at less than arm's length, favorable treatment, or the ability to influence the outcome of events differently from that which might result in the absence of that relationship.

Financial statements must include disclosure of material related party transactions, other than compensation arrangements, expense allowances and similar items in the ordinary course of business.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 12 - RELATED PARTY TRANSACTIONS (CONTINUED)

However, disclosure of transactions that are eliminated in the preparation of combined financial statements is not required in those statements.

On this basis, there were no related party transactions reported in the financial statements.

NOTE 13 – SUBSEQUENT EVENTS

Subsequent events have a material effect on the financial statements which requires adjustment or disclosure. They relate to events that provide additional evidence with respect to conditions that existed at the date of the balance sheet and events that provide evidence with respect to conditions that did not exist at the date of the balance sheet but arose subsequent to that date.

At fiscal year ended June 30, 2008, there were no other subsequent events that would have a significant affect on the District's operations.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2008

NOTE 14 - COMMITMENTS AND CONTINGENCIES

The District participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies.

Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of money received may be required and the collectibility of any related receivable at June 30, 2008 may be impaired.

In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

REQUIRED SUPPLEMENTAL INFORMATION

FOREST PARK SCHOOL DISTRICT

REQUIRED SUPPLEMENTAL INFORMATION

BUDGETARY COMPARISON SCHEDULE – GENERAL OPERATING FUNDS

FISCAL YEAR ENDED JUNE 30, 2008

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL
<u>REVENUE</u>			
Local Sources	\$ 2,350,906	\$ 2,381,540	\$ 2,317,367
State Sources	2,385,325	2,277,351	2,439,112
Federal Sources	148,778	137,021	135,638
Interdistrict and Other Sources	31,400	36,015	35,902
TOTAL REVENUE	\$ 4,916,409	\$ 4,831,927	\$ 4,928,019
<u>EXPENDITURES - CURRENT</u>			
<i>Instruction :</i>			
Basic Programs	2,662,575	2,657,854	2,638,788
Added Needs	602,237	564,775	560,536
<i>Supporting Services :</i>			
Pupil	43,142	31,888	31,739
Instructional Staff	12,008	11,877	11,449
General Administration	226,027	237,528	233,207
School Administration	199,182	283,852	282,541
Business Services	103,724	100,651	135,371
Operation and Maintenance	546,399	552,099	541,603
Transportation	294,410	336,345	333,295
Other Supporting Services	61,506	85,231	83,994
Community Services	20,263	11,060	9,958
TOTAL EXPENDITURES	\$ 4,771,473	\$ 4,873,160	\$ 4,862,481
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers In	3,049	15,091	-
Operating Transfers Out	(209,220)	(217,999)	(205,934)
NET CHANGE IN FUND BALANCE	(61,235)	(244,141)	(140,396)
FUND BALANCE - BEGINNING OF YEAR	298,438	298,438	298,438
FUND BALANCE - END OF YEAR	<u>\$ 237,203</u>	<u>\$ 54,297</u>	<u>\$ 158,042</u>

The notes to the financial statements are an integral part of this report.

OTHER SUPPLEMENTAL INFORMATION

FOREST PARK SCHOOL DISTRICT

OTHER SUPPLEMENTAL INFORMATION

COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS

JUNE 30, 2008

	<u>Special Revenue Funds</u>			
	<u>Food Service</u>	<u>Athletic Fund</u>	<u>Capital Project Fund</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and Investments (Note 3)	\$ 3,669	\$ 4,067	\$ 6,556	\$ 14,292
Receivables :				
Accounts Receivable	3,297	-	-	3,297
Due from Other Funds	-	-	-	-
Inventories	11,907	-	-	11,907
Deposit - Surveillance System	-	-	5,000	5,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 18,873</u>	<u>\$ 4,067</u>	<u>\$ 11,556</u>	<u>\$ 29,496</u>
<u>FUND BALANCES</u>				
Reserved for Food Services	18,873	-	-	18,873
Reserved for Athletics	-	4,067	-	4,067
Reserved for Capital Projects	-	-	11,556	11,556
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCES	<u>\$ 18,873</u>	<u>\$ 4,067</u>	<u>\$ 11,556</u>	<u>\$ 34,496</u>

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

OTHER SUPPLEMENTAL INFORMATION

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – NON-MAJOR GOVERNMENTAL FUNDS**

YEAR ENDED JUNE 30, 2008

	<u>Special Revenue Funds</u>		<u>Capital</u>	
	<u>Food Service</u>	<u>Athletic Fund</u>	<u>Project Fund</u>	<u>Total</u>
<u>Revenue</u>				
Local Revenue	\$ 111,326	\$ 62,848	\$ 10,375	\$ 184,549
State Revenue	8,165	-	-	8,165
Federal Revenue	126,654	-	-	126,654
Total Revenue	\$ 246,145	\$ 62,848	\$ 10,375	\$ 319,368
<u>Expenditures</u>				
<u>Current:</u>				
Salaries	70,152	83,482	-	153,634
Insurance	16,941	7,448	-	24,389
Fringe Benefits	25,438	20,347	-	45,785
Purchased Services	5,748	17,427	-	23,175
Supplies and Materials	131,336	25,128	-	156,464
Capital Outlay	8,032	-	30,426	38,458
Other	630	14,453	-	15,083
Total Expenditures	\$ 258,277	\$ 168,285	\$ 30,426	\$ 456,988
Excess (Deficiency) of Revenues Over Expenditures	(12,132)	(105,437)	(20,051)	(137,620)
<u>Other Financing Sources (Uses)</u>				
Operating transfers in	-	103,821	30,000	133,821
Operating transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	103,821	30,000	133,821
Net Change in Fund Balances	(12,132)	(1,616)	9,949	(3,799)
FUND BALANCE - BEGINNING OF YEAR	31,005	5,683	1,607	38,295
FUND BALANCE - END OF YEAR	\$ 18,873	\$ 4,067	\$ 11,556	\$ 34,496

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

ALL GENERAL OPERATING FUNDS – COMBINING BALANCE SHEET

JUNE 30, 2008

	General Fund	Community School Fund	Total
<u>ASSETS</u>			
Cash	\$ (104,347)	\$ 9,255	\$ (95,092)
Taxes Receivable	94,980	-	94,980
Accounts Receivable :			
Federal	-	-	-
State	480,768	29,366	510,134
Other	4,304	-	4,304
Due From Other Funds	29,355	-	29,355
Inventory	19,632	-	19,632
TOTAL ASSETS	<u>\$ 524,692</u>	<u>\$ 38,621</u>	<u>\$ 563,313</u>
<u>LIABILITIES AND FUND EQUITY</u>			
<u>LIABILITIES</u>			
Accrued Benefits	148,461	-	148,461
Salaries Payable	227,455	-	227,455
Due To Other Funds	-	29,355	29,355
TOTAL LIABILITIES	375,916	29,355	405,271
<u>FUND EQUITY</u>			
Fund Balance, Reserved	-	9,266	9,266
Fund Balance, Unreserved & Undesignated	148,776	-	148,776
TOTAL FUND EQUITY	148,776	9,266	158,042
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 524,692</u>	<u>\$ 38,621</u>	<u>\$ 563,313</u>

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

**ALL GENERAL OPERATING FUNDS - COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES**

June 30, 2008

	General Fund	Community School Fund	Total
<u>REVENUES</u>			
<u>Local Sources</u>			
Current Tax Levy	\$ 2,182,340	\$ -	\$ 2,182,340
Other Local Revenue	101,642	33,385	135,027
<u>State Sources</u>			
State Aid	2,122,000	54,400	2,176,400
Other State Revenue	262,712	-	262,712
<u>Federal Sources</u>			
Federal Grants	135,638	-	135,638
TOTAL REVENUE	\$ 4,804,332	\$ 87,785	\$ 4,892,117
<u>OTHER FINANCING SOURCES</u>			
Fund Modifications and Other Transactions	35,902	-	35,902
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>4,840,234</u>	<u>87,785</u>	<u>4,928,019</u>
<u>EXPENDITURES</u>			
Educational			
Instructional	3,167,345	31,979	3,199,324
Supporting Services	1,616,617	36,582	1,653,199
Community Services	-	9,958	9,958
TOTAL EXPENDITURES	4,783,962	78,519	4,862,481
<u>OTHER FINANCING USES</u>			
Fund Modifications	205,934	-	205,934
Other Transactions	-	-	-
TOTAL EXPENDITURES AND OTHER FINANCING SOURCES	4,989,896	78,519	5,068,415
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(149,662)	9,266	(140,396)
FUND BALANCE, JULY 1	298,438	-	298,438
FUND BALANCE, JUNE 30	<u>\$ 148,776</u>	<u>\$ 9,266</u>	<u>\$ 158,042</u>

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

SPECIAL REVENUE FUNDS – COMBINING BALANCE SHEET

JUNE 30, 2008

	Food Service Fund	Inter- Scholastic Athletic Fund	Total
<u>ASSETS</u>			
Cash	\$ 3,669	\$ 4,067	\$ 7,736
Inventory	11,907	-	11,907
Accounts Receivable	3,297	-	3,297
TOTAL ASSETS	<u>\$ 18,873</u>	<u>\$ 4,067</u>	<u>\$ 22,940</u>
 <u>FUND EQUITY</u>			
Fund Balance, Reserved	18,873	4,067	22,940
TOTAL FUND EQUITY	<u>\$ 18,873</u>	<u>\$ 4,067</u>	<u>\$ 22,940</u>

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

**SPECIAL REVENUE FUNDS - COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES**

FISCAL YEAR ENDED JUNE 30, 2008

	<u>Service Fund</u>	<u>Athletic Fund</u>	<u>Total</u>
<u>REVENUES</u>			
School Service Activities :			
Student Lunches - Type A	\$ 46,550	\$ -	\$ 46,550
Adult Lunches	5,224		5,224
Milk	582	-	582
Ala Carte	55,448		55,448
Catering	1,691	-	1,691
Water Machine	1,587		1,587
General Admissions and Other	-	62,801	62,801
Interest	244	47	291
Federal Sources :			
Federal Aid	110,430	-	110,430
USDA Commodities/Bonus	16,224	-	16,224
State Sources :			
School Lunch Program	<u>8,165</u>	<u>-</u>	<u>8,165</u>
TOTAL REVENUES	\$ 246,145	\$ 62,848	\$ 308,993
<u>OTHER FINANCING SOURCES</u>			
Transfers From General Fund	<u>-</u>	<u>103,821</u>	<u>103,821</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	246,145	166,669	412,814
<u>EXPENDITURES</u>			
Professional Salaries	-	76,559	76,559
Nonprofessional Salaries	70,152	6,923	77,075
Insurance	16,941	7,448	24,389
FICA/Retirement	17,556	20,347	37,903
Other Benefits	7,882	-	7,882
Purchased Services	5,748	17,427	23,175
Supplies and Materials	131,336	25,128	156,464
Other	630	14,453	15,083
Capital Outlay	<u>8,032</u>	<u>-</u>	<u>8,032</u>
TOTAL EXPENDITURES	\$ 258,277	\$ 168,285	\$ 426,562
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	(12,132)	(1,616)	(13,748)
FUND BALANCE, JULY 1	<u>31,005</u>	<u>5,683</u>	<u>36,688</u>
FUND BALANCE, JUNE 30	<u>\$ 18,873</u>	<u>\$ 4,067</u>	<u>\$ 22,940</u>

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

GENERAL FUND – COMPARATIVE BALANCE SHEET

JUNE 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Cash and Deposits	\$ (104,347)	\$ 92,664
Taxes Receivable	94,980	101,299
Accounts Receivable :		
Federal	-	-
State	480,768	390,770
Other	4,304	1,004
Due From Other Funds	29,355	11,520
Inventory	19,632	21,081
Prepaid Expense	-	27
	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 524,692</u>	<u>\$ 618,365</u>
<u>LIABILITIES AND FUND EQUITY</u>		
<u>LIABILITIES</u>		
Accrued Benefits	148,461	156,129
Salaries Payable	227,455	163,725
Due To Other Funds	-	73
	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>\$ 375,916</u>	<u>\$ 319,927</u>
<u>FUND EQUITY</u>		
Fund Balance, Designated for Future		
Operations	-	279,813
Fund Balance, Designated for Capital Projects	-	-
Fund Balance, Unreserved & Undesignated	148,776	18,625
	<u> </u>	<u> </u>
TOTAL FUND EQUITY	<u>148,776</u>	<u>298,438</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 524,692</u>	<u>\$ 618,365</u>

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

GENERAL FUND – SUPPLEMENTAL SCHEDULE OF REVENUES – ACTUAL COMPARED TO BUDGET

Fiscal Year Ended June 30, 2008

(With Comparative Totals for Fiscal Year Ended June 30, 2007)

	FISCAL YEAR ENDED JUNE 30, 2008			FISCAL YEAR ENDED 6/30/07
	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)	
<u>REVENUES</u>				
<u>LOCAL SOURCES</u>				
Current Tax Levy	\$ 2,182,340	\$ 2,232,719	\$ (50,379)	\$ 2,091,398
Other Taxes	-	-	-	987
Penalties and Interest on Delinquent Taxes	8,182	16,000	(7,818)	4,879
Interest Income	6,247	6,200	47	6,240
Other Local Revenue	87,213	89,536	(2,323)	65,217
TOTAL REVENUES FROM LOCAL SOURCES	\$ 2,283,982	\$ 2,344,455	\$ (60,473)	\$ 2,168,721
<u>STATE SOURCES</u>				
State School Aid	2,122,000	2,015,352	106,648	2,197,931
Isolated Districts	19,345	-	19,345	-
At Risk	101,534	101,536	(2)	114,405
Special Education	124,182	111,079	13,103	97,065
State Aid Restricted/Durant	5,209	5,209	-	5,209
DNR Outreach/Education	-	-	-	2,000
Middle School Math Initiative	-	1,375	(1,375)	7,556
Renaissance Zone	12,442	12,200	242	11,839
TOTAL REVENUES FROM STATE SOURCES	2,384,712	2,246,751	137,961	2,436,005
<u>FEDERAL SOURCES</u>				
Title I	79,426	79,426	-	92,893
Title II	35,171	35,171	-	35,299
Title II D	1,700	1,700	-	-
Title V	1,306	1,306	-	1,708
REAP	18,035	19,418	(1,383)	16,570
TOTAL REVENUES FROM FEDERAL SOURCES	\$ 135,638	\$ 137,021	\$ (1,383)	\$ 146,470

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

GENERAL FUND – SUPPLEMENTAL SCHEDULE OF REVENUES – ACTUAL COMPARED TO BUDGET
(Continued)

Fiscal Year Ended June 30, 2008
(With Comparative Totals for Fiscal Year Ended June 30, 2007)

	<u>FISCAL YEAR ENDED JUNE 30, 2008</u>			<u>FISCAL YEAR ENDED 6/30/2007</u>
	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	
<u>OTHER FINANCING SOURCES</u>				
Payments From Other Governmental Units :				
Federal Sources	\$ 14,015	\$ 14,015	\$ -	\$ 16,804
State Sources	7,970	8,000	(30)	16,573
Other	<u>13,917</u>	<u>14,000</u>	<u>(83)</u>	<u>5,443</u>
TOTAL OTHER FINANCING SOURCES	35,902	36,015	(113)	38,820
 TOTAL REVENUES AND OTHER FINANCING SOURCES	 <u>\$ 4,840,234</u>	 <u>\$ 4,764,242</u>	 <u>\$ 75,992</u>	 <u>\$ 4,790,016</u>

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

**GENERAL FUND – SUPPLEMENTAL SCHEDULE OF EXPENDITURES – ACTUAL
COMPARED TO BUDGET**

Fiscal Year Ended June 30, 2008
(With Comparative Totals for Fiscal Year Ended June 30, 2007)

	FISCAL YEAR ENDED JUNE 30, 2008			FISCAL YEAR ENDED 6/30/07
	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)	
<u>INSTRUCTIONAL</u>				
<u>BASIC PROGRAMS</u>				
<u>Elementary</u>				
Professional Salaries	\$ 693,455	\$ -	\$ -	\$ 717,414
Insurance	181,449			175,675
FICA/Retirement	198,323	-	-	205,767
Other Benefits	8,392			18,620
Purchased Services	19,662	-	-	23,678
Supplies and Materials	41,536			19,780
Other	1,300			1,601
Total Elementary	1,144,117	1,147,250	3,133	1,162,535
<u>Secondary</u>				
Professional Salaries	818,440	-	-	846,752
Insurance	202,481			243,341
FICA/Retirement	229,821	-	-	242,615
Other Benefits	13,606			10,211
Purchased Services	59,154	-	-	64,987
Supplies and Materials	45,587			28,904
Capital Outlay	1,134	-	-	-
Other	2,226			6,415
Total Secondary	1,372,449	1,374,246	1,797	1,443,225
<u>Pre-Kindergarten</u>				
Professional Salaries	16,548	-	-	15,574
Insurance	7,336			7,410
FICA/Retirement	3,994	-	-	3,890
Purchased Services	6,794			-
Other	500	-	-	52
Total Pre-Kindergarten	\$ 35,172	\$ 35,144	\$ (28)	\$ 26,926

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

**GENERAL FUND – SUPPLEMENTAL SCHEDULE OF EXPENDITURES – ACTUAL
COMPARED TO BUDGET
(Continued)**

Fiscal Year Ended June 30, 2008
(With Comparative Totals for Fiscal Year Ended June 30, 2007)

	FISCAL YEAR ENDED JUNE 30, 2008			FISCAL YEAR ENDED 6/30/2007
	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)	
<u>INSTRUCTIONAL</u> (Continued)				
<u>BASIC PROGRAMS</u> (Continued)				
<u>Computer Education</u>				
Nonprofessional Salaries	\$ 7,065	\$ -	\$ -	\$ -
Purchased Services	16,738			36,488
Supplies and Materials	28,969			13,301
Capital Outlay	1,337	-	-	14,616
Other	962			8,499
Total Computer Education	55,071	66,936	11,865	72,904
TOTAL BASIC PROGRAMS	\$ 2,606,809	\$ 2,623,576	\$ 16,767	\$2,705,590
 ADDED NEEDS				
<u>Special Education</u>				
Professional Salaries	185,178	-	-	176,275
Nonprofessional Salaries	45,053			52,899
Insurance	44,178	-	-	46,461
FICA/Retirement	56,885			58,785
Other Benefits	16,079	-	-	17,279
Purchased Services	20,905			20,738
Supplies and Materials	5,527	-	-	2,758
Other	-			450
Total Special Education	373,805	374,530	725	375,645
<u>Compensatory Education</u>				
Professional Salaries	18,917	-	-	44,903
Nonprofessional Salaries	22,245			18,458
Insurance	12,066	-	-	23,837
FICA/Retirement	19,924			23,507
Other Benefits	7,053	-	-	2,628
Purchased Services	1,701			13,528
Total Compensatory Education	\$ 81,906	\$ 83,409	\$ 1,503	\$ 126,861

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

**GENERAL FUND – SUPPLEMENTAL SCHEDULE OF EXPENDITURES – ACTUAL
COMPARED TO BUDGET
(Continued)**

Fiscal Year Ended June 30, 2008
(With Comparative Totals for Fiscal Year Ended June 30, 2007)

	FISCAL YEAR ENDED JUNE 30, 2008			FISCAL YEAR ENDED 6/30/2007
	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)	
<u>INSTRUCTIONAL (Continued)</u>				
<u>ADDED NEEDS (Continued)</u>				
<u>At Risk Program</u>				
Professional Salaries	\$ 55,978	\$ -	\$ -	\$ 60,653
Nonprofessional Salaries	7,193			6,496
Insurance	12,357	-	-	8,597
FICA/Retirement	14,869			16,944
Other Benefits	199	-	-	136
Purchased Services	7,852			-
Supplies and Materials	2,877	-	-	3,402
Other	3,500			3,147
Total At Risk Program	104,825	106,836	2,011	99,375
TOTAL ADDED NEEDS	\$ 560,536	\$ 564,775	\$ 4,239	\$ 601,881
 TOTAL INSTRUCTIONAL	 \$ 3,167,345	 \$ 3,188,351	 \$ 21,006	 \$3,307,471
 <u>SUPPORTING SERVICES</u>				
<u>STUDENT SERVICES</u>				
<u>Guidance</u>				
Professional Salaries	17,837	-	-	26,369
Insurance	6,953			6,787
FICA/Retirement	4,302	-	-	6,570
Other Benefits	56			68
Purchased Services	213	-	-	250
Supplies and Materials	2,378			184
Other	-	-	-	36
Total Guidance	31,739	31,888	149	40,264
TOTAL STUDENT SERVICES	\$ 31,739	\$ 31,888	\$ 149	\$ 40,264

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

**GENERAL FUND – SUPPLEMENTAL SCHEDULE OF EXPENDITURES – ACTUAL
COMPARED TO BUDGET
(Continued)**

Fiscal Year Ended June 30, 2008
(With Comparative Totals for Fiscal Year Ended June 30, 2007)

SUPPORTING SERVICES (Continued)	FISCAL YEAR ENDED JUNE 30, 2008			FISCAL YEAR ENDED 6/30/2007
	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)	
INSTRUCTIONAL STAFF				
<u>Library</u>				
FICA/Retirement	\$ 10,000	\$ -	\$ -	\$ 10,000
Purchased Services	-			100
Supplies and Materials	1,449	-	-	1,889
Total Library	11,449	11,877	428	11,989
TOTAL INSTRUCTIONAL STAFF	\$ 11,449	\$ 11,877	\$ 428	\$ 11,989
GENERAL ADMINISTRATION				
<u>Board of Education</u>				
Nonprofessional Salaries	3,380	-	-	3,475
Insurance	4,737			5,000
Purchased Services	27,445	-	-	17,442
Supplies and Materials	6,276			6,730
Other	897	-	-	2,680
Total Board of Education	42,735	45,697	2,962	35,327
<u>Executive Administration</u>				
Professional Salaries	90,752	-	-	88,981
Nonprofessional Salaries	28,850			26,136
Insurance	28,754	-	-	25,342
FICA/Retirement	29,252			28,645
Purchased Services	2,822	-	-	2,460
Supplies and Materials	6,255			8,001
Other	3,787			6,037
Total Executive Administration	190,472	191,831	1,359	185,602
TOTAL GENERAL ADMINISTRATION	\$ 233,207	\$ 237,528	\$ 4,321	\$ 220,929

The notes to the financial statements are an integral part of this report

FOREST PARK SCHOOL DISTRICT

**GENERAL FUND – SUPPLEMENTAL SCHEDULE OF EXPENDITURES – ACTUAL
COMPARED TO BUDGET
(Continued)**

Fiscal Year Ended June 30, 2008
(With Comparative Totals for Fiscal Year Ended June 30, 2007)

	FISCAL YEAR ENDED JUNE 30, 2008			FISCAL YEAR ENDED 6/30/2007
	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)	
SUPPORTING SERVICES (Continued)				
SCHOOL ADMINISTRATION				
<u>Office of the Principal</u>				
Professional Salaries	\$ 117,305	\$ -	\$ -	\$ 58,000
Nonprofessional Salaries	46,754			44,487
Insurance	50,712	-	-	38,544
FICA/Retirement	40,329			25,887
Other Benefits	9,304	-	-	8,991
Supplies and Materials	89			715
Capital Outlay	3,203			-
Other	6,385	-	-	1,493
Total Office of the Principal	274,081	275,274	1,193	178,117
TOTAL SCHOOL ADMINISTRATION	\$ 274,081	\$ 275,274	\$ 1,193	\$ 178,117
BUSINESS SERVICES				
<u>Fiscal Services</u>				
Nonprofessional Salaries	43,069	-	-	39,396
Insurance	1,238			-
FICA/Retirement	10,552	-	-	9,243
Purchased Services	-			1,199
Supplies and Materials	3,045	-	-	7,364
Interest & Fees	1,401			1,906
Other - Tax refunds/Adjustments	68,932			6,954
Other - Miscellaneous	7,134	-	-	1,401
Total Fiscal Services	135,371	100,651	(34,720)	67,463
TOTAL BUSINESS SERVICES	\$ 135,371	\$ 100,651	\$ (34,720)	\$ 67,463

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

**GENERAL FUND – SUPPLEMENTAL SCHEDULE OF EXPENDITURES – ACTUAL
COMPARED TO BUDGET
(Continued)**

Fiscal Year Ended June 30, 2008
(With Comparative Totals for Fiscal Year Ended June 30, 2007)

	FISCAL YEAR ENDED JUNE 30, 2008			FISCAL YEAR ENDED 6/30/2007
	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)	
<u>SUPPORTING SERVICES (Continued)</u>				
<u>OPERATION AND MAINTENANCE</u>				
Nonprofessional Salaries	\$ 167,291	\$ -	\$ -	\$ 153,466
Insurance	74,848	-	-	78,914
FICA/Retirement	41,282	-	-	38,846
Other Benefits	15,056	-	-	15,768
Purchased Services	197,284	-	-	201,170
Supplies and Materials	23,549	-	-	22,222
Capital Outlay	22,189	-	-	1,885
Other	104	-	-	279
TOTAL OPERATION AND MAINTENANCE	\$ 541,603	\$ 552,099	\$ 10,496	\$ 512,550
<u>PUPIL TRANSPORTATION</u>				
Nonprofessional Salaries	138,674	-	-	131,739
Insurance	33,950	-	-	24,586
FICA/Retirement	35,644	-	-	35,462
Other Benefits	15,488	-	-	13,637
Purchased Services	17,004	-	-	21,026
Supplies and Materials	73,612	-	-	43,472
Capital Outlay	18,618	-	-	-
Other	305	-	-	299
TOTAL PUPIL TRANSPORTATION	333,295	336,345	3,050	270,221
<u>STUDENT ACTIVITIES</u>				
Nonprofessional Salaries	20,933	-	-	20,277
FICA/Retirement	5,078	-	-	5,225
Other	6,048	-	-	5,199
TOTAL STUDENT ACTIVITIES	\$ 32,059	\$ 32,318	\$ 259	\$ 30,701

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

**GENERAL FUND – SUPPLEMENTAL SCHEDULE OF EXPENDITURES – ACTUAL
COMPARED TO BUDGET
(Continued)**

Fiscal Year Ended June 30, 2008
(With Comparative Totals for Fiscal Year Ended June 30, 2007)

	FISCAL YEAR ENDED JUNE 30, 2008			FISCAL YEAR ENDED 6/30/2007
SUPPORTING SERVICES (Continued)	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)	
<u>OTHER SUPPORTING SERVICES</u>				
Nonprofessional Salaries	\$ 18,959	\$ -	\$ -	\$ 18,859
FICA/Retirement	4,650			4,790
Other Benefits	204	-	-	205
TOTAL OTHER SUPPORTING SERVICES	23,813	24,053	240	23,854
TOTAL SUPPORTING SERVICES	\$ 1,616,617	\$ 1,602,033	\$ (14,584)	\$1,356,088
 TOTAL EXPENDITURES	 \$ 4,783,962	 \$ 4,790,384	 \$ 6,422	 \$4,663,559
 <u>OTHER FINANCING USES</u>				
Fund Modifications				
Transfer To Debt Service Fund	72,113	72,132	19	70,314
Transfer To Athletic Fund	103,821	100,776	(3,045)	98,700
Transfer To Community Schools Fund	-	15,091	15,091	7,840
Transfer To Capital Projects Fund	30,000	30,000	-	-
TOTAL OTHER FINANCING USES	205,934	217,999	12,065	176,854
 TOTAL EXPENDITURES AND OTHER FINANCING USES	 \$ 4,989,896	 \$ 5,008,383	 \$ 18,487	 \$4,840,413

The notes to the financial statements are an integral part of this report

FOREST PARK SCHOOL DISTRICT

COMMUNITY SCHOOLS FUND - COMPARATIVE BALANCE SHEET*June 30, 2008 and 2007*

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Cash and Deposits	\$ 9,255	\$ 5,192
Accounts Receivable	<u>29,366</u>	<u>6,328</u>
TOTAL ASSETS	<u>\$ 38,621</u>	<u>\$ 11,520</u>
<u>LIABILITIES AND FUND EQUITY</u>		
<u>LIABILITIES</u>		
Due to Other Funds	<u>29,355</u>	<u>11,520</u>
TOTAL LIABILITIES	29,355	11,520
<u>FUND EQUITY</u>		
Fund Balance - reserved	<u>9,266</u>	<u>-</u>
TOTAL FUND EQUITY	9,266	-
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 38,621</u>	<u>\$ 11,520</u>

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

COMMUNITY SCHOOLS FUND - STATEMENT OF REVENUES – ACTUAL COMPARED TO BUDGET

Fiscal Year Ended June 30, 2008

(With Comparative Totals for Fiscal Year Ended June 30, 2007)

	FISCAL YEAR ENDED JUNE 30, 2008			FISCAL
			VARIANCE	YEAR
			FAVORABLE	ENDED
	ACTUAL	BUDGET	(UNFAVORABLE)	6/30/07
REVENUES				
Local Sources				
Tuition	\$ 7,190	\$ 8,075	\$ (885)	\$ 11,470
Interest	80	80	-	167
Day Care Program	15,727	17,450	(1,723)	43,753
Fundraising - Winter Games	10,388	11,480	(1,092)	5,532
Other	-	-	-	4
Total Local Sources	\$ 33,385	\$ 37,085	\$ (3,700)	\$ 60,926
State Sources				
Grant - Michigan School Readiness	54,400	30,600	23,800	26,400
TOTAL REVENUES	\$ 87,785	\$ 67,685	\$ 20,100	\$ 87,326
OTHER FINANCING SOURCES				
Transfers In from Other Funds	-	15,091	(15,091)	7,840
TOTAL OTHER FINANCING SOURCES	-	15,091	(15,091)	7,840
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 87,785	\$ 82,776	\$ 5,009	\$ 95,166

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

COMMUNITY SCHOOLS FUND - STATEMENT OF EXPENDITURES – ACTUAL COMPARED TO BUDGET

Fiscal Year Ended June 30, 2008
(With Comparative Totals for Fiscal Year Ended June 30, 2007)

	FISCAL YEAR ENDED JUNE 30, 2008			FISCAL YEAR ENDED 6/30/07
	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)	
<u>INSTRUCTION</u>				
Basic Programs				
Pre-Kindergarten				
Professional Salaries	\$ 23,675	\$ -	\$ -	\$ 23,546
Nonprofessional Salaries	22			38
FICA/Retirement	5,791	-	-	5,919
Insurance	-			1,404
Supplies and Materials	1,857			1,824
Other	634	-	-	450
Total Pre-Kindergarten	31,979	34,278	2,299	33,181
Total Basic Programs	31,979	34,278	2,299	33,181
TOTAL INSTRUCTION	\$ 31,979	\$ 34,278	\$ 2,299	\$ 33,181
<u>SUPPORTING SERVICES</u>				
School Administration				
Professional Salaries	6,760	-	-	6,760
FICA/Retirement	1,647			1,674
Supplies and Materials	53	-	-	456
Total School Administration	8,460	8,578	118	8,890
Day Care Program				
Nonprofessional Services	18,001	-	-	29,837
FICA/Retirement	4,404			7,458
Supplies and Materials	480	-	-	1,369
Other	463			263
Total Day Care Program	\$ 23,348	\$ 24,083	\$ 735	\$ 38,927

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

**COMMUNITY SCHOOLS FUND – STATEMENT OF EXPENDITURES – ACTUAL COMPARED
TO BUDGET
(Continued)**

Fiscal Year Ended June 30, 2008
(With Comparative Totals for Fiscal Year Ended June 30, 2007)

	<u>FISCAL YEAR ENDED JUNE 30, 2008</u>			<u>FISCAL YEAR ENDED 6/30/07</u>
	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	
<u>SUPPORTING SERVICE (Continued)</u>				
Tot Lot Program				
Professional Salaries	\$ 1,815	\$ -	\$ -	\$ 1,559
Nonprofessional Salaries	7			-
FICA/Retirement	448	-	-	392
Other Benefits	<u>2,504</u>			<u>-</u>
Total Tot Lot Program	4,774	4,777	3	1,951
TOTAL SUPPORTING SERVICES	36,582	37,438	856	49,768
<u>COMMUNITY SERVICES</u>				
Recreation				
Nonprofessional Salaries	4,514	-	-	3,479
FICA/Retirement	872			699
Supplies and Materials	359			999
Other	<u>4,213</u>	<u>-</u>	<u>-</u>	<u>7,040</u>
Total Recreation	9,958	11,060	1,102	12,217
TOTAL COMMUNITY SERVICES	9,958	11,060	1,102	12,217
TOTAL EXPENDITURES	<u>\$ 78,519</u>	<u>\$ 82,776</u>	<u>\$ 4,257</u>	<u>\$ 95,166</u>

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

SPECIAL REVENUE FUND – FOOD SERVICE – COMPARATIVE BALANCE SHEET*June 30, 2008 and 2007*

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Cash and Deposits	\$ 3,669	\$ 23,711
Inventory	11,907	4,124
Accounts Receivable	<u>3,297</u>	<u>3,170</u>
TOTAL ASSETS	<u>\$ 18,873</u>	<u>\$ 31,005</u>
<u>FUND EQUITY</u>		
Fund Balance - reserved	<u>18,873</u>	<u>31,005</u>
TOTAL FUND EQUITY	<u>\$ 18,873</u>	<u>\$ 31,005</u>

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

**SPECIAL REVENUE FUND – FOOD SERVICE - STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE -ACTUAL COMPARED TO BUDGET**

Fiscal Year Ended June 30, 2008
(With Comparative Totals for Fiscal Year Ended June 30, 2007)

	FISCAL YEAR ENDED JUNE 30, 2008			FISCAL YEAR ENDED 6/30/07
	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)	
<u>REVENUES</u>				
Local Sources				
Student Lunches	\$ 46,550	\$ -	\$ -	\$ 54,922
Adult Lunches	5,224			5,309
Milk	582	-	-	78
Ala Carte	55,448			39,996
Catering	1,691			1,718
Water Machine	1,587			-
Interest	244	-	-	141
Total Local Sources	111,326	109,040	2,286	102,164
State Sources				
School Lunch Program	8,165	8,123	42	7,519
Federal Sources				
Federal Aid	110,430	-	-	128,840
USDA Commodities/Bonus	16,224	-	-	15,732
Total Federal Sources	126,654	123,234	3,420	144,572
TOTAL REVENUES	\$246,145	\$240,397	\$ 5,748	\$254,255
<u>EXPENDITURES</u>				
Nonprofessional Salaries	70,152	-	-	69,577
Insurance	16,941			17,572
FICA/Retirement	17,556	-	-	18,083
Other Benefits	7,882			7,290
Purchased Services	5,748			4,530
Supplies and Materials	131,336	-	-	127,891
Other Costs	630			385
Capital Outlay	8,032	-	-	-
TOTAL EXPENDITURES	\$258,277	\$267,821	\$ 9,544	\$245,328
Excess of Revenues Over Expenditures	(12,132)	(27,424)	15,292	8,927
FUND BALANCE, JULY 1	31,005			22,078
FUND BALANCE, JUNE 30	\$ 18,873			\$ 31,005

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

**SPECIAL REVENUE FUND – INTERSCHOLASTIC ATHLETIC FUND - COMPARATIVE
BALANCE SHEET**

June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Cash and Deposits	<u>\$ 4,067</u>	<u>\$ 5,683</u>
TOTAL ASSETS	<u>\$ 4,067</u>	<u>\$ 5,683</u>
 <u>FUND EQUITY</u>		
Fund Balance - Reserved	<u>4,067</u>	<u>5,683</u>
TOTAL FUND EQUITY	<u>\$ 4,067</u>	<u>\$ 5,683</u>

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

**SPECIAL REVENUE FUND – INTERSCHOLASTIC ATHLETIC FUND -STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - ACTUAL COMPARED
TO BUDGET**

Fiscal Year Ended June 30, 2008
(With Comparative Totals for Fiscal Year Ended June 30, 2007)

	FISCAL YEAR ENDED JUNE 30, 2008			FISCAL YEAR ENDED 6/30/07
	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)	
REVENUES				
Local Sources				
General Admissions and Other	\$ 62,801	\$ -	\$ -	\$ 44,071
Interest	47			72
Donations	-	-	-	957
Total Local Sources	62,848	62,876	(28)	45,100
Other Financing Sources				
Transfer from General Fund	103,821	100,776	3,045	98,700
TOTAL REVENUES AND OTHER FINANCING SOURCES	166,669	163,652	3,017	143,800
EXPENDITURES				
Professional Salaries	76,559	-	-	36,004
Nonprofessional Salaries	6,923			7,257
Insurance	7,448	-	-	9,861
FICA/Retirement	20,347			10,828
Purchased Services	17,427	-	-	56,415
Supplies and Materials	25,128			13,284
Other Costs	14,453	-	-	4,468
TOTAL EXPENDITURES	\$168,285	\$169,335	\$ 1,050	\$138,117
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	(1,616)	(5,683)	4,067	5,683
FUND BALANCE, JULY 1	5,683			-
FUND BALANCE, JUNE 30	\$ 4,067			\$ 5,683

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

DEBT RETIREMENT FUND - COMPARATIVE BALANCE SHEET

June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Cash and Deposits	\$ 212,957	\$ 181,550
Delinquent Taxes Receivable	32,939	37,980
Due From Other Funds	<u>-</u>	<u>73</u>
TOTAL ASSETS	<u>\$ 245,896</u>	<u>\$ 219,603</u>
 <u>FUND EQUITY</u>		
Fund Balance, Reserved	<u>245,896</u>	<u>219,603</u>
TOTAL FUND EQUITY	<u>\$ 245,896</u>	<u>\$ 219,603</u>

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

**DEBT RETIREMENT FUND - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE**

Fiscal Year Ended June 30, 2008

(With Comparative Totals for Fiscal Year Ended June 30, 2007)

<u>REVENUES</u>	<u>2008</u>	<u>2007</u>
Property Taxes	\$ 571,694	\$ 603,265
Other Taxes	36,573	11,181
Interest and Penalties on Taxes	2,463	876
Interest	<u>7,190</u>	<u>6,665</u>
 Total Revenues	 \$ 617,920	 \$ 621,987
 <u>EXPENDITURES</u>		
Principal	454,101	439,235
Interest	199,202	213,671
Tax Refunds/Write Offs	<u>10,437</u>	<u>310</u>
 TOTAL EXPENDITURES	 \$ 663,740	 \$ 653,216
 Excess of Revenues Over (Under) Expenditures	 (45,820)	 (31,229)
 <u>OTHER FINANCING SOURCES (USES)</u>		
Operating Transfers In - General Fund	<u>72,113</u>	<u>70,314</u>
 TOTAL OTHER FINANCING SOURCES (USES)	 72,113	 70,314
 Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	 26,293	 39,085
 FUND BALANCE, JULY 1	 <u>219,603</u>	 <u>180,518</u>
 FUND BALANCE, JUNE 30	 <u>\$ 245,896</u>	 <u>\$ 219,603</u>

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

CAPITAL PROJECTS FUND - COMPARATIVE BALANCE SHEET

June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Cash and Deposits	\$ 6,556	\$ 1,607
Deposit - Surveillance System	<u>5,000</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 11,556</u>	<u>\$ 1,607</u>
 <u>FUND EQUITY</u>		
Fund Balance, Reserved	<u>11,556</u>	<u>1,607</u>
TOTAL FUND EQUITY	<u>\$ 11,556</u>	<u>\$ 1,607</u>

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

**CAPITAL PROJECTS FUND - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE**

Fiscal Year Ended June 30, 2008

(With Comparative Totals for Fiscal Year Ended June 30, 2007)

	<u>2008</u>	<u>2007</u>
<u>REVENUES</u>		
Interest	\$ 375	\$ 77
Timber Proceeds - School Forest	-	2,324
Grant Income	<u>10,000</u>	<u>-</u>
TOTAL REVENUES	\$ 10,375	\$ 2,401
 <u>EXPENDITURES</u>		
Capital Outlay	<u>30,426</u>	<u>9,332</u>
TOTAL EXPENDITURES	\$ 30,426	\$ 9,332
 Excess of Revenues Over (Under) Expenditures	 (20,051)	 (6,931)
 <u>OTHER FINANCING SOURCES (USES)</u>		
Other Transfers In - General Fund	<u>30,000</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	30,000	-
 Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	 9,949	 (6,931)
 FUND BALANCE, JULY 1	 <u>1,607</u>	 <u>8,538</u>
FUND BALANCE, JUNE 30	<u>\$ 11,556</u>	<u>\$ 1,607</u>

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

**TRUST AND AGENCY FUND - STATEMENT OF CHANGES IN ASSETS, LIABILITIES, AND
FUND BALANCE**

Fiscal Year Ended June 30, 2008

	<u>BALANCE JUNE 30, 2007</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>BALANCE JUNE 30, 2008</u>
<u>ASSETS</u>				
Cash and Deposits	\$ 113,273	\$ 209,666	\$ 209,762	\$ 113,177
Due From Other Funds	<u>1,353</u>	<u>300</u>	<u>1,125</u>	<u>528</u>
TOTAL ASSETS	<u>\$ 114,626</u>	<u>\$ 209,966</u>	<u>\$ 210,887</u>	<u>\$ 113,705</u>
<u>LIABILITIES AND FUND EQUITY</u>				
<u>LIABILITIES</u>				
Student Activities	33,788	119,567	115,022	38,333
Due to Other Funds	<u>1,353</u>	<u>300</u>	<u>1,125</u>	<u>528</u>
TOTAL LIABILITIES	35,141	119,867	116,147	38,861
<u>FUND EQUITY</u>				
Revolving Fund	28,975	81,975	85,875	25,075
Scholarship Accounts	46,233	8,105	7,997	46,341
Sedberry Trust	<u>4,277</u>	<u>19</u>	<u>868</u>	<u>3,428</u>
TOTAL FUND EQUITY	<u>79,485</u>	<u>90,099</u>	<u>94,740</u>	<u>74,844</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 114,626</u>	<u>\$ 209,966</u>	<u>\$ 210,887</u>	<u>\$ 113,705</u>

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

AGENCY FUNDS – STATEMENT OF RECEIPTS AND DISBURSEMENTS

Fiscal Year Ended June 30, 2008

	BALANCE JUNE 30, 2007	RECEIPTS	DISBURSEMENTS	BALANCE JUNE 30, 2008
ASSETS				
Cash and Deposits	\$ 33,788	\$ 119,567	\$ 115,022	\$ 38,333
LIABILITIES				
Class of 2007	252	-	252	-
Class of 2008	1,105	16,932	17,818	219
Class of 2009	774	4,703	4,514	963
Class of 2010	749	-	-	749
Class of 2011	-	1,228	834	394
BPA	75	1,310	1,208	177
Girls Track	699	-	160	539
Pom Danz	1,353	2,047	2,358	1,042
Boys Basketball	671	719	1,061	329
Girls Basketball	744	9,548	9,066	1,226
Cheerleading	1,511	2,596	3,882	225
Volleyball	481	3,470	3,196	755
Miscellaneous / Interest	683	4,132	4,350	465
Band Class	2,028	1,307	960	2,375
Drama / Forensics	290	1,615	1,356	549
Yearbook	5,184	4,605	4,043	5,746
Junior High Student Council	1,348	24,816	21,312	4,852
Senior High Student Council	2,482	5,475	4,260	3,697
SADD	278	-	-	278
Graduation	1,058	2,855	3,131	782
Grad Gown Dry Clean	78	75	-	153
Skyline Conference	(147)	3,200	2,766	287
Academic Booster Club	3,472	6,008	8,107	1,373
Woods Resale	2,473	1,279	383	3,369
Advanced Physical Education	66	-	-	66
French Trip 2002	8	2,307	2,312	3
Environmental Science Recyclin	17	-	-	17
Football	30	10,191	9,659	562
National Honor Society	348	-	59	289
Santilli Memorial	1,574	-	-	1,574
Landscape Project	324	149	34	439
Quiz Bowl	401	-	82	319
Business Class	639	250	163	726
Cross Country	208	-	-	208
College Trip	618	1,700	1,866	452
Doc Davison Memorial	1,180	-	-	1,180
Economics	263	4,424	3,953	734
Golf	221	87	308	-
Boys Track	250	-	-	250
After Prom Party	-	570	376	194
Assets	-	300	65	235
Halloween	-	500	-	500
Physics Trip	-	1,169	1,128	41
TOTAL LIABILITIES	\$ 33,788	\$ 119,567	\$ 115,022	\$ 38,333

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

PROPERTY TAX DATA

For the Year Ended June 30, 2008

<u>YEAR LEVIED</u>	<u>LEVY</u>	<u>COLLECTIONS AND ADJUSTMENTS</u>	<u>BALANCE JUNE 30, 2008</u>
GENERAL FUND			
2007-08	\$ 2,182,340	\$ 2,090,386	\$ 91,954
2006-07	2,091,398	2,091,147	251
2005-06	2,016,023	2,015,062	961
2004-05	1,927,581	1,926,469	1,112
2003-04	<u>1,799,935</u>	<u>1,799,233</u>	<u>702</u>
TOTAL GENERAL FUND	\$ 10,017,277	\$ 9,922,297	\$ 94,980
DEBT RETIREMENT FUND			
2007-08	\$ 571,694	\$ 540,385	\$ 31,309
2006-07	603,265	602,223	1,042
2005-06	622,803	622,500	303
2004-05	628,788	628,552	236
2003-04	<u>593,446</u>	<u>593,397</u>	<u>49</u>
TOTAL DEBT RETIREMENT	\$ 3,019,996	\$ 2,987,057	\$ 32,939
TOTAL ALL FUNDS	<u>\$ 13,037,273</u>	<u>\$ 12,909,354</u>	<u>\$ 127,919</u>

The notes to the financial statements are an integral part of this report.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

DS Rostagno, CPA, P.C.

***101 West Maple Street, Iron River, MI 49935
Tel (906) 265-1040 Fax (906) 265-1042***

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Education
Forest Park School District
801 Forest Parkway
Crystal Falls, Michigan 49920

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Forest Park School District**, Crystal Falls, Michigan, as of and for the year ended June 30, 2008, which collectively comprise the **Forest Park School District**, Crystal Falls, Michigan's basic financial statements and have issued our report thereon dated September 22, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the standards prescribed by the State Treasurer.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the **Forest Park School District**, Crystal Falls, Michigan's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing opinions on the effectiveness of the **Forest Park School District**, Crystal Falls, Michigan's internal control over financial reporting. Accordingly, we do not express opinions on the effectiveness of the **Forest Park School District**, Crystal Falls, Michigan's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the **Forest Park School District**, Crystal Falls, Michigan's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such as there is more than a remote likelihood that a misstatement of the **Forest Park School District**, Crystal Falls, Michigan's financial statements that is more than inconsequential will not be prevented or detected by the **Forest Park School District**, Crystal Falls, Michigan's internal control. We consider the deficiencies described as (2005-6B) and (2008-1) and (2008-2) in the accompanying Schedule of Findings and Responses to be significant deficiencies in internal control over financial reporting.

Internal Control Over Financial Reporting (Continued)

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the **Forest Park School District**, Crystal Falls, Michigan's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

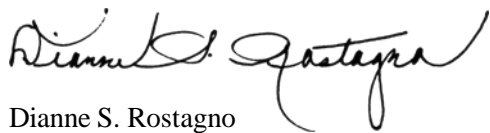
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the **Forest Park School District**, Crystal Falls, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing opinions on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such opinions. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the **Forest Park School District**, Crystal Falls, Michigan, in a separate letter September 22, 2008.

The **Forest Park School District**, Crystal Falls, Michigan's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. We did not audit the **Forest Park School District**, Crystal Falls, Michigan's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.



Dianne S. Rostagno
DS ROSTAGNO, CPA, P.C.

September 22, 2008

FOREST PARK SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended June 30, 2008

SIGNIFICANT DEFICIENCIES

2005-6B Student Activities

Finding: Advisors or the person in charge are not currently maintaining their own ledgers detailing the amounts of earnings, expenditures, and year-end balances in their accounts. Each group needs to maintain their own set of records.

Response: The District will continue its efforts to assure that every group activity comply with the requirement, without exception.

2008-1

Ability to Prepare Financial Statements and Related Note Disclosures

Like other local units of government of similar size, limited financial summaries and abbreviated financial statements are made available for the Board members. The School District relies on auditors to draft its financial statements and related disclosures in accordance with generally accepted accounting principles. Board members review and accept the financial statements on behalf of the School District. The hiring of additional personnel to prepare the financial statements would not be cost effective.

Recommendation

Members of the Board should remain involved in the financial reporting process to provide an oversight function. School officials agree and will continue to use the auditor's assistance in drafting its financial statements and will remain involved in the financial reporting process.

2008-2

Audit Adjustments

The School District relies in its auditors to prepare year-end non-recurring journal entries to adjust its financial statements. Board members review and accept the adjusting entries on behalf of the District.

Recommendation

Members of the Board should continue to review and approve the non-recurring entries. School officials agree and will continue to use the auditor's assistance in preparing year-end adjusting journal entries.

DS Rostagno, CPA, P.C.

***101 West Maple Street, Iron River, MI 49935
Tel (906) 265-1040 Fax (906) 265-1042***

BOARD OF EDUCATION
FOREST PARK SCHOOL DISTRICT
801 FOREST PARKWAY
CRYSTAL FALLS, MI 49920

In planning and performing the audit of the financial statements of the **Forest Park School District**, Crystal Falls, Michigan as of and for the year ended June 30, 2008, in accordance with auditing standards generally accepted in the United States of America, and by the standards prescribed by the State Treasurer, we considered the school's internal control structure to plan the auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control structure. Accordingly, we do not express opinions on the effectiveness of the **Forest Park School District**, Crystal Falls, Michigan's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the **Forest Park School District**, Crystal Falls, Michigan's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the **Forest Park School District**, Crystal Falls, Michigan's financial statements that is more than inconsequential will not be prevented or detected by the **Forest Park School District**, Crystal Falls, Michigan's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the **Forest Park School District**, Crystal Falls, Michigan's internal control.

During our audit, we noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. They are divided into three categories: significant deficiencies, material weaknesses, and other matters.

MATERIAL WEAKNESSES

There are no matters to report.

SIGNIFICANT DEFICIENCIES

New Comments

2008-1 Findings

Ability to Prepare Financial Statements and Related Note Disclosures

Like other local units of government of similar size, limited financial summaries and abbreviated financial statements are made available for the Board members. The School District relies on auditors to draft its financial statements and related disclosures in accordance with generally accepted accounting principles. Board members review and accept the financial statements on behalf of the School District. The hiring of additional personnel to prepare the financial statements would not be cost effective.

Recommendation

Members of the Board should remain involved in the financial reporting process to provide an oversight function. School officials agree and will continue to use the auditor's assistance in drafting its financial statements and will remain involved in the financial reporting process.

2008-2 Findings

Audit Adjustments

The School District relies on its auditors to prepare year-end non-recurring adjusting journal entries to adjust its financial statements. Board members review and accept the adjusting entries in behalf of the District.

Recommendation

Members of the Board should continue to review and approve non-recurring entries. School officials agree and will continue to use the auditor's assistance in preparing year-end adjusting journal entries.

Significant Deficiencies Communicated in Prior Years

STUDENT ACTIVITIES

2005-6B Findings

All records pertaining to the various student activities are reported and maintained in the central office. Student groups generally lack the knowledge of the amount of earnings, expenditures, and year-end balances in their accounts. Therefore, there is no method to confirm transactions or balances in any group activity. Detection of clerical errors, posting errors, or fraud is far more difficult without this confirmation.

Recommendation

It was recommended that each student group maintain its own set of accounting records, keeping a running total of all fund-raising revenues, expenses, and ending cash balances. At year-end, these records should be turned in to the office of the principal, where they are to be held for safe-keeping. These records should then be made available to provide an independent confirmation of activities and balances at the time of audit.

STUDENT ACTIVITIES (Continued)

Recommendation (Continued)

Signature of group advisors should be provided at year-end to confirm their agreement with these accounting records.

Every group activity should be required to comply with this requirement, without exception.

Resolution

Although compliance has improved, this problem is not yet resolved. Every group activity is not currently complying with the past recommendations that each group needs to maintain its own detailed ledger.

Continued Recommendation

The advisor or person in charge needs to be responsible for maintaining their own ledgers and if there is a discrepancy with the balances they then can go to the District's personnel to aid in reconciling. There needs to be continued efforts made for each group activity to maintain its own set of accounting records. Each group activity needs to comply with this requirement without exception.

School officials agree, and will make every effort to attain full compliance.

OTHER MATTERS

New Comments

BUDGETARY

The District incurred several expenditures which were in excess of amounts appropriated.

Recommendation

It is recommended that closer monitoring be done in regards to budgetary appropriations and expenditures.

Matters Communicated in Prior Years

There are no matters to report.

Forest Park School District

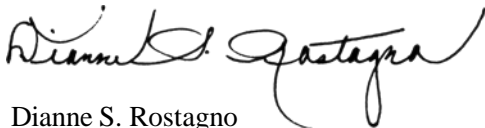
Page 4

This letter does not affect our report dated September 22, 2008 on the financial statements of the **Forest Park School District**, Crystal Falls, Michigan. We will review the status of these comments during our next audit engagement. Our comments and recommendations, which have been discussed with appropriate school administration and staff, are intended to improve the internal control structure or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, or to assist you in implementing the recommendations.

It has been a pleasure working with the administration and staff, and we wish to express our appreciation for their cooperation and assistance during the audit engagement.

This communication is intended solely for the information and use of management, those charged with governance, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Yours very truly,

A handwritten signature in black ink, appearing to read "Dianne S. Rostagno", written in a cursive style.

Dianne S. Rostagno
DS ROSTAGNO, CPA, P.C.

September 22, 2008